Financial Statements
June 30, 2021

Glendale Community College District

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Independent Auditor's Report

Board of Trustees
Glendale Community College District
Glendale, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

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Basis for Qualified Opinion on the Business-Type Activities
As more fully described in Note 15 to the financial statements, the District has recognized business-type activities revenue not in accordance with generally accepted accounting principles. In our opinion, accounting principles generally accepted in the United States of America require that revenue recognition related to government-mandated nonexchange transactions occur in the period when all applicable eligibility requirements have been met. The effect of this departure is an overstatement of business-type activities revenue, accounts receivable and net position (deficit) as of June 30, 2021.

Qualified Opinion on the Business-Type Activities
In our opinion, except for the effects of revenue recognition related to government-mandated nonexchange transactions as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Remaining Fund Information
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 10 and other required supplementary schedules on pages 62 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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* (CFR) 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.

The Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the Schedule of Expenditures of Federal Awards and the Reconciliation of Governmental Funds to the Statement of Net Position due to the departure from generally accepted accounting principles (GAAP) for revenue recognition practices for government-mandated nonexchange transactions, the 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 date April 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
April 28, 2022

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies the new reporting standards to public colleges and universities.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

The following discussion and analysis complies with the GASB standard and provides an overview of Glendale Community College District's (the District) financial position and activities for the year ended June 30, 2021, with selected comparative information for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section.

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole:

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

Each of these statements will be discussed.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- Reported enrollment at the District decreased in 2020-2021. Credit enrollment decreased about 2.79%. Noncredit enrollment decreased about 34.56% from 2019-2020. However, the hold harmless stability funding is used to sustain the District through 2024-2025 as it implements its Guided Pathways and other enrollment strategies.
- Nonresident enrollment decreased 25.40% in 2020-2021. The effect of nationwide dialog is causing a depressed attendance in this area.
- The District ended the year with an unrestricted General Fund balance of $7.1 million.
- The District ending fund balance increased by approximately $1.0 million.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The biggest change in this statement is that our fixed assets (land, building, and equipment) are capitalized and depreciated, and long-term liabilities are now included. As a result, they are now reflected as an asset on this statement. Net Position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the financial health of the District.

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STATEMENT OF NET POSITION - PRIMARY GOVERNMENT

	2021	2020, as restated	Change
Assets			
Cash and investments	$ 257,647,983	$ 56,288,612	$ 201,359,371
Receivables	16,897,408	17,954,792	(1,057,384)
Capital assets, net	213,629,413	202,518,909	11,110,504
Total assets	488,174,804	276,762,313	211,412,491
Deferred Outflows of Resources	31,379,964	30,509,641	870,323
Liabilities			
Accounts payable and accrued liabilities	57,110,932	35,770,648	21,340,284
Current portion of long-term liabilities	9,425,378	3,785,000	5,640,378
Noncurrent portion of long-term liabilities	526,414,933	304,286,616	222,128,317
Total liabilities	592,951,243	343,842,264	249,108,979
Deferred Inflows of Resources	12,213,594	16,491,260	(4,277,666)
Net Position (Deficit)			
Net investment in capital assets	14,557,914	51,507,278	(36,949,364)
Restricted	29,480,276	15,851,605	13,628,671
Unrestricted deficit	(129,648,259)	(120,420,453)	(9,227,806)
Total net position (deficit)	$ (85,610,069)	$ (53,061,570)	$ (32,548,499)

- Cash and investments consist of cash in the Los Angeles County Treasurer and associated students cash and cash equivalents. Cash and investments were increased by approximately $201.4 million over last year due primarily to the issuance Measure GC General Obligation Bonds, Series B.
- Receivables consist mainly of receivables from State and Federal grants and the apportionment funds due from the State. Receivables were decreased by approximately $1.1 million over the last year due to a combination of students' receivables write off and increase in general apportionment receivable from the State.
- Capital assets are the net historical value (original cost) of land, buildings, construction in progress, and equipment less accumulated depreciation. Capital Assets increased approximately $11.1 million due to the additions to construction in progress and completion of projects.
- Accounts payable and accrued liabilities consist of payables to vendors and the June payroll. Payables increased by approximately $21.3 million primarily due to the issuances of the 2021 Tax and Revenue Anticipation Notes (TRANs), an increase in accrued interest payable on general obligation bonds and increase in vendor payables related to capital construction projects funded under Measure GC.
- Long-term liabilities consist primarily of the general obligation bond issues. The total long-term liabilities increased approximately $222.1 million from 2019-2020 due primarily to the issuance of Measure GC General Obligation Bonds, Series B.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to the GASB standards. As a result, this statement will show a significant operating loss.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	$ 9,420,798	$ 10,654,155	$ (1,233,357)
Grants and contracts, noncapital	45,552,639	29,791,847	15,760,792
Total operating revenues	54,973,437	40,446,002	14,527,435
Operating Expenses			
Salaries and benefits	125,255,423	125,052,853	202,570
Supplies, services, equipment, and maintenance and other operating	48,498,560	39,249,977	9,248,583
Student financial aid	38,317,857	38,352,411	(34,554)
Depreciation	6,815,275	10,001,656	(3,186,381)
Total operating expenses	218,887,115	212,656,897	6,230,218
Loss on operations	(163,913,678)	(172,210,895)	8,297,217
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	62,534,626	67,121,215	(4,586,589)
Property taxes	40,761,118	31,636,181	9,124,937
Student financial aid grants	34,092,648	38,277,415	(4,184,767)
State taxes and other revenues	3,909,455	2,959,712	949,743
Net interest expense	(11,170,796)	(5,571,217)	(5,599,579)
Other nonoperating revenues	1,238,128	3,083,894	(1,845,766)
Total nonoperating revenue (expenses)	131,365,179	137,507,200	(6,142,021)
Other Revenues			
State capital income	-	100,722	(100,722)
Change in net position (deficit)	$ (32,548,499)	$ (34,602,973)	$ 2,054,474

- Net tuition and fees are primarily enrollment fees, nonresident tuition, community service fees, and health fees.
- State apportionment decreased by approximately $4.6 million over last year.
- State taxes and other revenues are our state lottery funds and mandated cost block grant. State taxes and other Revenues increased by approximately $0.9 million over last year.
- Net interest expense is our interest earnings at the County Treasurer less interest on our bond issues. This category increased due to increase of interest payments on the General Obligation Bonds.

STATEMENT OF FUNCTIONAL EXPENSES

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

Year ended June 30, 2021:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 67,347,808	$ 2,178,883	$ -	$ 1,456,813	$ -	$ 70,983,504
Academic support	4,942,332	84,408	-	21,076	-	5,047,816
Student services	23,546,805	1,372,716	-	431,486	-	25,351,007
Plant operations and maintenance	4,819,363	5,812,834	-	233,968	-	10,866,165
Instructional support services	20,999,151	5,797,498	-	170,587	-	26,967,236
Community services and economic development	441,698	131,637	-	53,771	-	627,106
Ancillary services and auxiliary operations	2,828,933	2,573,356	-	-	-	5,402,289
Physical property and related acquisitions	329,333	7,182,018	-	12,948,687	-	20,460,038
Student bad debt expense	-	8,048,822	-	-	-	8,048,822
Student aid	-	-	38,317,857	-	-	38,317,857
Unallocated depreciation	-	-	-	-	6,815,275	6,815,275
Total	$ 125,255,423	$ 33,182,172	$ 38,317,857	$ 15,316,388	$ 6,815,275	$ 218,887,115

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT

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

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	$ (140,683,170)	$ (158,901,451)	$ 18,218,281
Noncapital financing activities	135,689,908	132,029,225	3,660,683
Capital financing activities	206,195,023	(26,160,994)	232,356,017
Investing activities	157,610	1,316,462	(1,158,852)
Net Increase (Decrease) in Cash	201,359,371	(51,716,758)	253,076,129
Cash, Beginning of Year	56,288,612	108,005,370	(51,716,758)
Cash, End of Year	$ 257,647,983	$ 56,288,612	$ 201,359,371

- Cash Provided by Operating Activities are student fees less our operating expenses (salaries, benefits, supplies, and services).
- Noncapital Financing Activities are our State apportionment and property taxes. Although these revenues are earned from student enrollment, they are non-operating since it comes from the State and not from the primary users (students) of college programs.
- Capital and Related Financing Activities are the proceeds received from the general obligation bond (increase) less the purchase of capital assets (land, buildings, and equipment).
- Investing Activities are earning off investments and the general obligation bond proceeds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $213.6 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2020, our net capital assets were $202.5 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campus. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought into the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2021-2022 fiscal year and beyond with primary funding through our general obligation bond.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	$ 57,691,078	$ 17,049,009	$ (8,681,523)	$ 66,058,564
Buildings and improvements	204,655,819	8,681,523	-	213,337,342
Equipment and vehicles	29,819,845	876,770	-	30,696,615
Subtotal	292,166,742	26,607,302	(8,681,523)	310,092,521
Accumulated depreciation	(89,647,833)	(6,815,275)	-	(96,463,108)
Total	$ 202,518,909	$ 19,792,027	$ (8,681,523)	$ 213,629,413

Long-Term Liabilities

At the end of the 2020-2021 fiscal year, the District had $392.3 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the District boundaries.

In addition to the above liabilities, the District is obligated to employees of the District for compensated absences, load banking, supplemental employee retirement program, other postemployment benefits, and pension obligations.

Note 8, Note 9 and Note 11 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 175,242,126	$ 251,465,811	$ (34,429,689)	$ 392,278,248
Compensated absences	3,673,347	283,437	-	3,956,784
Load banking	2,749,708	-	(33,002)	2,716,706
Supplemental Employee retirement plan	-	3,176,892	(635,380)	2,541,512
Aggregate net OPEB liability	8,994,540	274,921	-	9,269,461
Aggregate net pension liability	116,716,385	8,361,215	-	125,077,600
Total long-term liabilities	$ 307,376,106	$ 263,562,276	$ (35,098,071)	$ 535,840,311
Amount due within one year				$ 9,425,378

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The District's enrollment has been relatively flat for the last several years. However, the language within the new Student Centered Funding Formula (SCFF) regulations allows the District to be held harmless at 2017-2018 revenue plus annual compounded cost of living adjustments (COLA) until 2024-2025. This strategic financial decision implemented by the California Chancellor's Office allows the College to continue its current operations through the hold harmless funding cycle for next three years. The College continues to focus on enrollment growth as it develops its plans for 2022-2023 and beyond.

The District's new fiscal planning structure includes a focus on maximizing its apportionment by striving to ensure students are aware of the financial resources available to them and the awards they have achieved. The SCFF has three components: 70% for base FTES funding, 20% for supplemental funding, and 10% for student success. Various constituency groups support the continuance of the same allocation rates for at least another academic year, specifically 2022-2023. These groups are aggressively lobbying the Chancellor's Office as they question the viability of these components. This affects GCC, as well as approximately 52 of the 72 districts, significantly because of the FTES enrollment trend. However, GCC's research data over the past academic semester indicates significant opportunities to generate new apportionment through Guided Pathway enrollment, financial aid distributions to underserved students, and awarding of achieved degrees and certificates. This effort will be maintained throughout the hold harmless period. The District's growth projections include all three new funding formula metrics to maintain its base funding level and to increase it.

In preparing the development of the 2022-2023 budget, the College anticipates accepting hold harmless stability funding distributed by the California Community Colleges Chancellor's Office. The College is planning to use COLA funds and base augmentation funds as new discretionary ongoing revenues. The fiscal planning process continues to focus on long-term sustainability using a five-year projection model as the District will restructure its apportionment projections to include enrollment, student financial resources, and student success metrics over the next five years to help ensure a stable fiscal position.

The District is faced with the rising costs of benefits and salaries. In order to secure quality personnel the District is engaged in operational efficiency and sustainability as it optimistically focuses on its future. The District is developing Guided Pathway plans to support the retention and success of its students and continues its outreach to expand the number of students served by the District. The District will continually use the Measure GC Bond to enhance the facilities at all of the campuses to ensure the learning environment accommodates the needs of its students, faculty, staff, and administration. These efforts are an investment in the commitment to the long-term and sustainable success of the District as shown by the reaffirmation and seven-year accreditation by the Accrediting Commission for Community and Junior Colleges (ACCJC).

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 demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District at: Glendale Community College District, 1500 North Verdugo Road, Glendale, CA 91208.

Assets	
Cash and cash equivalents	$ 5,995,646
Investments	251,652,337
Accounts receivable	16,897,408
Capital assets	
Nondepreciable capital assets	66,058,564
Depreciable capital assets, net of depreciation	147,570,849
Total capital assets	213,629,413
Total assets	488,174,804
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	3,746,791
Deferred outflows of resources related to OPEB	1,289,411
Deferred outflows of resources related to pensions	26,343,762
Total deferred outflows of resources	31,379,964
Liabilities	
Accounts payable	22,381,141
Tax and revenue anticipation notes payable	13,695,000
Accrued interest payable	4,589,678
Unearned revenue	16,445,113
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	9,425,378
Long-term liabilities other than OPEB and pensions, due in more than one year	392,067,872
Aggregate net other postemployment benefits (OPEB) liability	9,269,461
Aggregate net pension liability	125,077,600
Total liabilities	592,951,243
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	6,612,305
Deferred inflows of resources related to pensions	5,601,289
Total deferred inflows of resources	12,213,594
Net Position (Deficit)	
Net investment in capital assets	14,557,914
Restricted for	
Debt service	18,923,863
Capital projects	200,176
Educational programs	4,156,978
Other activities	6,199,259
Unrestricted deficit	(129,648,259)
Total Net Position (Deficit)	$ (85,610,069)

Operating Revenues	
Tuition and fees	$ 17,822,040
Less: Scholarship discounts and allowances	(8,401,242)
Net tuition and fees	9,420,798
Grants and contracts, noncapital	
Federal	24,437,696
State	20,885,418
Local	229,525
Total grants and contracts, noncapital	45,552,639
Total operating revenues	54,973,437
Operating Expenses	
Salaries	80,731,639
Employee benefits	44,523,784
Supplies, materials, and other operating expenses and services	25,133,350
Student bad debt expense	8,048,822
Student financial aid	38,317,857
Equipment, maintenance, and repairs	15,316,388
Depreciation	6,815,275
Total operating expenses	218,887,115
Operating Loss	(163,913,678)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	62,534,626
Local property taxes, levied for general purposes	26,207,739
Taxes levied for other specific purposes	14,553,379
Federal and state financial aid grants	34,092,648
State taxes and other revenues	3,909,455
Investment income	157,610
Interest expense on capital related debt	(11,195,737)
Investment loss on capital asset-related debt, net	(132,669)
Other nonoperating revenue	1,238,128
Total nonoperating revenues (expenses)	131,365,179
Change In Net Position (Deficit)	(32,548,499)
Net Position (Deficit), Beginning of Year, as Restated	(53,061,570)
Net Position (Deficit), End of Year	$ (85,610,069)

Operating Activities	
Tuition and fees	$ 15,816,567
Federal, state, and local grants and contracts, noncapital	45,640,479
Payments to or on behalf of employees	(115,808,823)
Payments to vendors for supplies and services	(48,013,536)
Payments to students for scholarships and grants	(38,317,857)
Net Cash Flows From Operating Activities	(140,683,170)
Noncapital Financing Activities	
State apportionments	55,899,056
Federal and state financial aid grants	34,092,648
Property taxes - nondebt related	26,207,739
State taxes and other apportionments	3,684,703
Proceeds from issuance of tax revenue anticipation notes	13,695,000
Other nonoperating	2,110,762
Net Cash Flows From Noncapital Financing Activities	135,689,908
Capital Financing Activities	
Purchase of capital assets	(12,381,200)
Proceeds from sale of capital debt	251,465,811
Property taxes - related to capital debt	14,553,379
Principal paid on capital debt	(31,685,000)
Interest paid on capital debt	(15,625,298)
Interest received on capital asset-related debt	(132,669)
Net Cash Flows From Capital Financing Activities	206,195,023
Investing Activities	
Interest received from investments	157,610
Change In Cash and Cash Equivalents	201,359,371
Cash and Cash Equivalents, Beginning of Year, as Restated	56,288,612
Cash and Cash Equivalents, End of Year	$ 257,647,983

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (163,913,678)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	6,815,275
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	7,178,146
Deferred outflows of resources related to OPEB	99,878
Deferred outflows of resources related to pensions	2,776,590
Accounts payable	600,249
Unearned revenue	(694,537)
Compensated absences	283,437
Load banking	(33,002)
Supplemental employee retirement plan	2,541,512
Aggregate net OPEB liability	274,921
Aggregate net pension liability	7,665,705
Deferred inflows of resources related to OPEB	(1,453,140)
Deferred inflows of resources related to pensions	(2,824,526)
Total adjustments	23,230,508
Net Cash Flows From Operating Activities	$ (140,683,170)
Cash and Cash Equivalents Consist of the Following	
Cash in banks	$ 5,995,646
Cash in county treasury	251,652,337
Total cash and cash equivalents	$ 257,647,983
Noncash Transactions	
Recognition of deferred outflows of resources related to debt refunding	$ 4,087,408
Amortization of deferred outflows of resources related to debt refunding	$ 340,617
Amortization of debt premiums	$ 2,744,689
Accretion of interest on capital appreciation bonds	$ 1,732,456

	Retiree OPEB Trust
Assets	
Investments	$ 12,680,826
Net Position	
Restricted for postemployment benefits other than pensions	$ 12,680,826

	Retiree OPEB Trust
Additions	
District contributions	$ 1,221,041
Investment income	2,060,893
Total additions	3,281,934
Deductions	
Benefit payments	766,928
Administrative expenses	9,832
Total deductions	776,760
Change in Net Position	2,505,174
Net Position - Beginning of Year, as Restated	10,175,652
Net Position - End of Year	$ 12,680,826

Note 1 - Organization

The Glendale Community College District (the District) was established in 1983 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 five-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 community college and one center located in Glendale, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. Management has analyzed these accounts and believes all amounts are fully collectable.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold 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, 25 to 50 years; improvements, 20 years; equipment, 5 to 15 years; vehicles, 5 to 10 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, 2021.

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 OPEB and pension related items.

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 OPEB Plan and 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 OPEB Plan and MPP. For this purpose, the District OPEB Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Pensions

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

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.

Tax and Revenue Anticipation Notes

The Tax and Revenue Anticipation Notes are current liabilities outstanding at June 30, 2021, and were issued as short-term obligations to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which will be set aside to repay the notes.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, compensated absences, load banking, supplemental employee retirement plan, aggregate net OPEB liability, and 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 $29,480,276 of restricted net position and the fiduciary funds financial statements report $12,680,826 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.

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in March 2002 and November 2016 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 scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarships discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) 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 and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

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

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB No. 84, *Fiduciary Activities.* The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements and this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's other trust funds from fiduciary to governmental. The effect of the implementation of this standard on beginning net position (deficit) is disclosed in Note 14.

Note 3 - Deposits and Investments

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, consisted of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 5,964,646	$ -
Cash in revolving	31,000	-
Investments	251,652,337	12,680,826
Total deposits and investments	$ 257,647,983	$ 12,680,826

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 Mutual Funds and the Los Angeles County Investment Pool.

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 investment in the Los Angeles County Investment Pool and Mutual Funds are not required to be rated, nor have been rated as of June 30, 2021.

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	$ 12,680,826	No maturity	Not rated
Los Angeles County investment pool	251,652,337	1,045	Not rated
Total	$ 264,333,163		

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, 2021, the District's bank balance of approximately $4.1 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.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, the District's investment balance of approximately $12.2 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	$ 12,680,826	$ 12,680,826	$ -	$ -

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

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2021 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 6,568,063
State Government	
Apportionment	6,635,570
Categorical aid	1,908,677
Lottery	953,612
Local Sources	
Interest	252,871
Other local sources	578,615
Total	$ 16,897,408

Note 6 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Capital Assets Not Being Depreciated				
Land	$ 43,276,250	$ -	$ -	$ 43,276,250
Construction in progress	14,414,828	17,049,009	(8,681,523)	22,782,314
Total capital assets not being depreciated	57,691,078	17,049,009	(8,681,523)	66,058,564
Capital Assets Being Depreciated				
Buildings and improvements	37,662,689	8,681,523	-	46,344,212
Land improvements	166,993,130	-	-	166,993,130
Equipment and vehicles	29,819,845	876,770	-	30,696,615
Total capital assets being depreciated	234,475,664	9,558,293	-	244,033,957
Total capital assets	292,166,742	26,607,302	(8,681,523)	310,092,521
Less Accumulated Depreciation				
Buildings and improvements	(25,182,921)	(3,665,128)	-	(28,848,049)
Land improvements	(42,506,896)	(1,846,769)	-	(44,353,665)
Equipment and vehicles	(21,958,016)	(1,303,378)	-	(23,261,394)
Total accumulated depreciation	(89,647,833)	(6,815,275)	-	(96,463,108)
Net capital assets	$ 202,518,909	$ 19,792,027	$ (8,681,523)	$ 213,629,413

Note 7 - Tax and Revenue Anticipation Notes (TRANs)

At June 30, 2021, the District had outstanding Tax and Revenue Anticipation Notes (TRANs) in the amount of $13,695,000, which matures on December 30, 2021. The notes were issued bearing interest at 2.00%. The notes were issued to supplement cash flows.

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
2021 Series B-2, 2.00% TRANS	$ -	$ 13,695,000	$ -	$ 13,695,000

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

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2021 consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	$ 160,258,963	$ 236,357,219	$ (31,685,000)	$ 364,931,182	$ 8,790,000
Bond premium	14,983,163	15,108,592	(2,744,689)	27,347,066	-
Compensated absences	3,673,347	283,437	-	3,956,784	-
Load banking	2,749,708	-	(33,002)	2,716,706	-
Supplemental employee retirement plan	-	3,176,892	(635,380)	2,541,512	635,378
Total	$ 181,665,181	$ 254,926,140	$ (35,098,071)	$ 401,493,250	$ 9,425,378

Description of Long-Term Liabilities

Payments on the general obligation bonds are to be made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The District's general fund makes payments for load banking liability. The supplemental employee retirement plan will be paid by the General Fund.

General Obligation Bonds

2003 General Obligation Bonds, Series B and C

During July 2003, the District issued the 2002 General Obligation Bonds in the amount of $17,499,930. The bonds included $5,000,000 of current interest bonds and $12,499,930 of capital appreciation bonds. The capital appreciation bonds have a maturing principal balance of $15,670,000. The bonds mature beginning on August 1, 2006 through August 1, 2028, with an interest rate at 4.00%. At June 30, 2021, the principal balance outstanding (including accreted interest to date) was $12,421,235.

2011 General Obligation Bonds, Series E

During April 2011, the District issued the 2002 General Obligation Bonds, Series E in the amount of $5,001,453. The bonds mature beginning on August 1, 2013 through August 1, 2030, with interest ranging from 2.12% to 4.20%. The bonds issued included $3,735,000 of current interest bonds and $1,266,453 of capital appreciation bonds with the value of the capital appreciation bonds maturing to a principal balance of $1,705,000. A portion of these bonds was refunded by the issuance of the District’s 2020 General Obligation Refunding Bonds. Interest rates on the remaining bonds is 4.00% payable semiannually on August 1 and February 1. The remaining bonds mature through August 1, 2021. At June 30, 2021, the principal balance outstanding was $235,000 and unamortized premium of $21,466.

2013 General Obligation Bonds, Series F

During January 2013, the District issued the 2002 General Obligation Bonds, Series F in the amount of $13,995,000. The bonds mature beginning on August 1, 2018 through August 1, 2031, with interest ranging from 3.00% to 5.00%. The bonds issued included $8,140,000 of current interest serial bonds and $5,855,000 of current interest term bonds. A portion of these bonds was refunded by the issuance of the District's 2020 General Obligation Refunding Bonds. Interest rates on the remaining bonds is 4.00% payable semiannually on August 1 and February 1. The remaining bonds mature through August 1, 2022. At June 30, 2021, the principal balance outstanding was $1,765,000 and unamortized premium of $147,525.

2014 General Obligation Refunding Bonds

During June 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of $26,660,000. The bonds were issued as current interest serial bonds and mature beginning on August 1, 2014 through August 1, 2031, with interest ranging from 1.00% to 5.00%. A portion of these bonds was refunded by the issuance of the District's 2020 General Obligation Refunding Bonds. Interest rates on the remaining bonds range from 3.00% to 5.00% payable semiannually on August 1 and February 1. The remaining bonds mature through August 1, 2026. At June 30, 2021, the principal balance outstanding was $6,340,000 and unamortized premium of $1,650,006.

2016 General Obligation Bonds, Series A

During March 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of $122,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest ranging from 4.00% to 5.25%. The bonds issued included $45,000,000 of current interest serial bonds and $77,000,000 of current interest term bonds. At June 30, 2021, the principal outstanding was $109,075,000 and unamortized premium on issuance of $10,921,702.

2016 General Obligation Bonds, Series B

During July 2020, the District issued the 2016 General Obligation Bonds, Series B in the amount of $202,999,763. The District issued $136,990,000 in current interest bonds and $66,009,763 in capital appreciation bonds. The bonds mature beginning on August 1, 2021 through August 1, 2050, with interest ranging from 1.16% to 4.00%. The bonds issued included $48,790,000 of current interest serial bonds and $88,200,000 of current interest term bonds. At June 30, 2021, the principal outstanding (including accreted interest to date) was $204,029,947 and unamortized premium on issuance of $14,606,367.

2020 General Obligation Refunding Bonds

During July 2020, the District authorized the sale and issuance of the 2020 General Obligation Refunding Bonds in the amounts of $31,625,000. Proceeds from the sale of the bonds were used to advance refund portions of the District's 2011 General Obligation Bonds, Series E, 2013 General Obligation Bonds, Series F, and the 2014 General Obligation Refunding Bonds and to pay costs of issuing the bonds. Interest is payable February 1 and August 1 at interest rates ranging from 0.55% to 2.11%. The bonds mature through August 1, 2031. The refunding resulted in an economic gain of $1,347,322 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.54%. At June 30, 2021, the principal outstanding was $31,065,000.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
2003	8/1/2028	4.00%	$ 17,499,930	$ 13,168,963	$ -	$ 702,272	$ (1,450,000)	$ 12,421,235
2011	8/1/2021	4.00%	5,001,453	3,325,000	-	-	(3,090,000)	235,000
2013	8/1/2022	4.00%	13,995,000	12,425,000	-	-	(10,660,000)	1,765,000
2014	8/1/2026	3.00-5.00%	26,660,000	22,265,000	-	-	(15,925,000)	6,340,000
2017	8/1/2046	4.00-5.25%	122,000,000	109,075,000	-	-	-	109,075,000
2020	8/1/2050	1.16-4.00%	202,999,763	-	202,999,763	1,030,184	-	204,029,947
2020	8/1/2031	0.55-2.11%	31,625,000	-	31,625,000	-	(560,000)	31,065,000
				$ 160,258,963	$ 234,624,763	$ 1,732,456	$ (31,685,000)	$ 364,931,182

Debt Service Requirement to Maturity

The current interest bonds mature through August 1, 2050 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	$ 7,270,000	$ 10,833,122	$ 18,103,122
2023	7,655,000	10,567,333	18,222,333
2024	7,200,000	10,297,991	17,497,991
2025	3,720,000	10,116,993	13,836,993
2026	4,025,000	10,024,169	14,049,169
2027-2031	25,585,000	48,398,373	73,983,373
2032-2036	18,925,000	44,483,610	63,408,610
2037-2041	28,230,000	39,041,438	67,271,438
2042-2046	46,405,000	30,280,688	76,685,688
2047-2051	136,455,000	14,024,913	150,479,913
Total	$ 285,470,000	$ 228,068,630	$ 513,538,630

The capital appreciation bonds mature through August 1, 2045 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Total
2022	$ 1,480,039	$ 39,961	$ 1,520,000
2023	1,562,530	45,635	1,608,165
2024	1,548,580	135,730	1,684,310
2025	2,370,106	263,809	2,633,915
2026	2,555,071	385,879	2,940,950
2027-2031	13,530,738	3,112,342	16,643,080
2032-2036	14,237,170	5,392,830	19,630,000
2037-2041	18,878,483	12,366,517	31,245,000
2042-2046	23,298,465	22,636,535	45,935,000
Total	$ 79,461,182	$ 44,379,238	$ 123,840,420

Supplemental Employee Retirement Plan (SERP)

The District has entered into an agreement to provide a Supplementary Employee Retirement Plan (SERP) to provide certain benefits to qualifying employees. The District will pay $2,541,512 on behalf of the retirees through 2025 in accordance with the following schedule:

Year Ending June 30,	
2022	$ 635,378
2023	635,378
2024	635,378
2025	635,378
Total	$ 2,541,512

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

For the year ended June 30, 2021, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 8,752,070	$ 1,289,411	$ 6,612,305	$ (1,127,539)
Medicare Premium Payment (MPP) Program	517,391	-	-	49,198
Total	$ 9,269,461	$ 1,289,411	$ 6,612,305	$ (1,078,341)

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust.

Plan Membership

At June 30, 2020, the measurement date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Active employees	531
Total	753

California Employers' Retiree Benefit Trust (CERBT)

The CERBT OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the California Public Employees' Retirement System (CalPERS) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amounts to prefund benefits as determined annually by management and the District's governing board. For the measurement period of June 30, 2020, the District contributed $1,389,289 to the Plan, of which $701,269 was used to pay benefits and $688,020 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
All equities	40%
All fixed income	43%
Real estatement investment trusts	8%
All commodities	4%
Treasury Inflation Protected Securities (TIPS)	5%

Rate of Return

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was 5.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $8,752,070 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 18,927,722
Plan fiduciary net position	(10,175,652)
Net OPEB liability	$ 8,752,070
Plan fiduciary net position as a percentage of the total OPEB liability	53.76%

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	6.50%
Healthcare cost trend rate	4.00%

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2009 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, 2019 valuation were based on the results of an actual experience study as of June 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
All equities	7.80%
All fixed income	4.50%
Real estatement investment trusts	7.50%
All commodities	7.80%
Treasury Inflation Protected Securities (TIPS)	3.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	$ 17,497,182	$ 8,970,835	$ 8,526,347
Service cost	1,009,657	-	1,009,657
Interest	1,146,547	-	1,146,547
Difference between expected and actual experience	(24,395)	-	(24,395)
Contributions - employer	-	1,389,289	(1,389,289)
Expected investment income	-	605,312	(605,312)
Differences between projected and actual earnings on OPEB plan investments	-	(85,463)	85,463
Benefit payments	(701,269)	(701,269)	-
Administrative expense	-	(3,052)	3,052
Net change in total OPEB liability	1,430,540	1,204,817	225,723
Balance, June 30, 2020	$ 18,927,722	$ 10,175,652	$ 8,752,070

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.50%)	$ 10,241,320
Current discount rate (6.50%)	8,752,070
1% increase (7.50%)	7,426,966

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 7,589,955
Current healthcare cost trend rate (4.00%)	8,752,070
1% increase (5.00%)	10,025,314

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, 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
OPEB contributions subsequent to measurement date	$ 1,221,041	$ -
Differences between expected and actual experience	-	6,557,636
Net difference between projected and actual earnings on OPEB plan investments	68,370	54,669
Total	$ 1,289,411	$ 6,612,305

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (4,022)
2023	(4,020)
2024	4,652
2025	17,091
Total	$ 13,701

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 6.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (1,456,420)
2023	(1,456,420)
2024	(1,456,420)
2025	(1,456,420)
2026	(730,085)
Thereafter	(1,871)
Total	$ (6,557,636)

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, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of $517,391 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.1221% and 0.1257%, respectively, resulting in a net decrease in the proportionate share of 0.0036%.

For the year ended June 30, 2021, the District recognized OPEB expense of $49,198.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, 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.

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 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020, 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, 2020, is 2.21%. 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 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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 (1.21%)	$ 572,119
Current discount rate (2.21%)	517,391
1% increase (3.21%)	470,820

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 469,136
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	517,391
1% increase (5.5% Part A and 6.4% Part B)	572,941

Note 10 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted with the Alliance for Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority for property and liability insurance with coverages of $1 million combined single limit per occurrence for general and automobile liability and replacement costs subject to policy limits, terms, and conditions for property liability.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2021, the District contracted with the ASCIP Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Schools Linked for Insurance Management (SLIM) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Note 11 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 67,900,835	$ 16,208,238	$ 4,630,514	$ 8,469,730
CalPERS - Schools Pool Plan	54,141,781	9,444,098	790,158	10,334,928
CalPERS - Safety Pool Plan	2,277,964	557,479	109,481	240,144
CalPERS - Misc. Risk Plan (Associated Students)	757,020	133,947	71,136	139,581
Total	$ 125,077,600	$ 26,343,762	$ 5,601,289	$ 19,184,383

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, 2019, 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, 2021, 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	16.15%	16.15%
Required State contribution rate	10.328%	10.328%

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, 2021, are presented above, and the District's total contributions were $6,133,383.

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

At June 30, 2021, 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	$ 67,900,835
State's proportionate share of net pension liability associated with the District	35,002,889
Total	$ 102,903,724

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0701% and 0.0711%, respectively, resulting in a net decrease in the proportionate share of 0.0010%.

For the year ended June 30, 2021, the District recognized pension expense of $8,469,730. In addition, the District recognized pension expense and revenue of $4,903,561 for support provided by the State. At June 30, 2021, 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	$ 6,133,383	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,720,816	2,715,594
Differences between projected and actual earnings on pension plan investments	1,612,932	-
Differences between expected and actual experience in the measurement of the total pension liability	119,814	1,914,920
Changes of assumptions	6,621,293	-
Total	$ 16,208,238	$ 4,630,514

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
2022	$ (984,203)
2023	549,555
2024	1,096,426
2025	951,154
Total	$ 1,612,932

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 1,087,291
2023	1,149,166
2024	1,829,091
2025	46,251
2026	(150,022)
Thereafter	(130,368)
Total	$ 3,831,409

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-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%)	$ 102,588,704
Current discount rate (7.10%)	67,900,835
1% increase (8.10%)	39,261,115

California Public Employees' Retirement System (CalPERS) – Schools Pool Plan

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: http://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 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
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%	7.00%
Required employer contribution rate	20.70%	20.70%

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 determined 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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were $5,433,231.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $54,141,781. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.1765% and 0.1729%, respectively, resulting in a net increase in the proportionate share of 0.0036%.

For the year ended June 30, 2021, the District recognized pension expense of $10,334,928. At June 30, 2021, 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	$ 5,433,231	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	790,158
Differences between projected and actual earnings on pension plan investments	1,127,060	-
Differences between expected and actual experience in the measurement of the total pension liability	2,685,267	-
Changes of assumptions	198,540	-
Total	$ 9,444,098	$ 790,158

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
2022	$ (421,769)
2023	376,203
2024	653,903
2025	518,723
Total	$ 1,127,060

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of, contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 1,511,776
2023	497,637
2024	80,788
2025	3,448
Total	$ 2,093,649

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for CalPERS are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the 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 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 one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 77,838,683
Current discount rate (7.15%)	54,141,781
1% increase (8.15%)	34,474,541

California Public Employees' Retirement System (CalPERS) – Safety Pool Plan

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The District sponsors one Safety Pool Plan (the Plan) for employees of the District Police Department. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. 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 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The Special Death Benefit is provided to an employee's eligible survivors if the member dies while actively employed and the death is job-related. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalPERS - Safety Risk Pool
Benefit formula	3.0% at 55
Benefit vesting schedule	5 years of
Benefit payments	Monthly for life
Retirement age	55
Monthly benefits as a percentage of eligible compensation	2.4% - 3.0%
Required employee contribution rate	9.00%
Required employer contribution rate	25.54%
Required unfunded liability payment to CalPERS	$132,279

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 determined annually 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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were $331,525.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the Safety Risk Pool net pension liability totaling $2,277,964. The net pension liability was measured as of June 30, 2020. 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 employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0342% and 0.0343%, respectively, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2021, the District recognized pension expense of $240,144. At June 30, 2021, 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	$ 331,325	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	101,893
Differences between projected and actual earnings on pension plan investments	49,510	-
Differences between expected and actual experience in the measurement of the total pension liability	176,644	-
Changes of assumptions	-	7,588
Total	$ 557,479	$ 109,481

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
2022	$ (22,442)
2023	16,624
2024	30,520
2025	24,808
Total	$ 49,510

The deferred outflows/(inflows) of resources related to the change 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 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 34,766
2023	30,217
2024	2,180
Total	$ 67,163

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan'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 (6.15%)	$ 3,428,700
Current discount rate (7.15%)	2,277,964
1% increase (8.15%)	1,333,676

California Public Employees' Retirement System (CalPERS) - Miscellaneous Risk Plan (Associated Students)

Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, the Miscellaneous Risk Pool Actuarial Valuation. The 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

The Miscellaneous Risk Pool plan 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 employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. 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 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous Public Agency Cost-Sharing
Benefit formula	2% at 60
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	60
Required employee contribution rate	7.00%
Required employer contribution rate	8.79%
Required unfunded liability payment to CalPERS	$47,129

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, 2021, are presented above, and the total District contributions for CalPERS was $55,663.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS Miscellaneous Risk Pool net pension liability $757,020. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0179% and 0.0174%, respectively, resulting in a net increase in the proportionate share of 0.0005%.

For the year ended June 30, 2021, the District recognized pension expense of $139,581 for CalPERS Miscellaneous Risk Pool. At June 30, 2021, 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	$ 55,663	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	16,784	65,737
Differences between projected and actual earnings on pension plan investments	22,488	-
Differences between expected and actual experience in the measurement of the total pension liability	39,012	-
Changes of assumptions	-	5,399
Total	$ 133,947	$ 71,136

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
2022	$ 43,144
2023	7,617
2024	(12,167)
2025	(16,106)
Total	$ 22,488

The deferred outflows/(inflows) of resources related to the change 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 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (10,779)
2023	5,001
2024	(9,562)
Total	$ (15,340)

Actuarial Methods and Assumptions

Total pension liability for the Miscellaneous Risk Pool plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Miscellaneous Risk Pool plan 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 (6.15%)	$ 1,208,899
Current discount rate (7.15%)	757,020
1% increase (8.15%)	383,646

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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 for the fiscal year ended June 30, 2021, which amounted to $3,961,288 (10.328%) of salaries subject to CalSTRS. 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. No contributions were made for CalPERS for the year ended June 30, 2021. 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.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the District until paid or made available to the employee or other beneficiary, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

The funds are currently on deposit in the Glendale Federal Credit Union and CalPERS with separate accounts established for each participating employee.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for its classified staff. Contributions for employees and employer are 6.2%.

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

The District is a member of the Schools Linked for Insurance Management (SLIM) and the Alliance for Schools for Cooperative Insurance Programs (ASCIP) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools, are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2021, the District made payments of $643,332 and $1,393,416 to SLIM and ASCIP, respectively.

Note 13 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

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, 2021.

Construction Commitments

The District had several commitments with respect to the unfinished capital projects, these projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office. As of June 30, 2021, the total amount committed was approximately $26.6 million.

Note 14 - Restatement of Prior Year Net Position (Deficit)

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position (Deficit) - Beginning	$ (58,284,303)
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	5,222,733
Net Position (Deficit) - Beginning, as Restated	$ (53,061,570)

Fiduciary Funds	
Net Position - Beginning	$ 14,496,024
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(4,320,372)
Net Position - Beginning, as Restated	$ 10,175,652

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and the Statement of Cash Flows to maintain consistency between periods presented.

Note 15 - Departure from GAAP – Revenue Recognition

The District's revenue recognition practices for government-mandated nonexchange transactions included amounts that did not meet the requirements under GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions.* The District recognized $8,467,062 in revenue from the COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion grant for the fiscal year ended June 30, 2021 for which qualifying expenditures did not exist. The effect of this departure is an overstatement of revenue and net position (deficit) of $8,467,062 and accounts receivable of $4,390,822.

Note 16 - Subsequent Events

On October 26, 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of $65,495,000. Proceeds from the bonds will be used to advance refund certain portions of prior bond issuances and to pay for the cost of issuing the bonds. The bonds interest payments are due semiannually on February 1 and August 1 of each year, commencing August 1, 2022. The bonds are federally taxable, with interest rates ranging from 0.380% to 2.893%.

Required Supplementary Information
June 30, 2021

Glendale Community College District

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,009,657	$ 732,677	$ 839,352	$ 909,636
Interest	1,146,547	1,633,345	1,526,024	1,421,594
Difference between expected and actual experience	(24,395)	(9,304,500)	-	-
Changes of assumptions	-			
Benefit payments	(701,269)	(652,765)	(669,131)	(734,969)
Net change in total OPEB liability	1,430,540	(7,591,243)	1,696,245	1,596,261
Total OPEB Liability - Beginning	17,497,182	25,088,425	23,392,180	21,795,919
Total OPEB Liability - Ending (a)	$ 18,927,722	$ 17,497,182	$ 25,088,425	$ 23,392,180
Plan Fiduciary Net Position				
Contributions - employer	$ 1,389,289	$ 1,737,666	$ 5,419,738	$ 1,283,351
Expected investment income	605,312	510,665	300,957	135,980
Differences between projected and actual earnings on OPEB plan investments	(85,463)	62,213	43,358	-
Benefit payments	(701,269)	(652,765)	(669,131)	(734,969)
Administrative expense	(3,052)	(4,281)	(5,511)	(1,742)
Net change in plan fiduciary net position	1,204,817	1,653,498	5,089,411	682,620
Plan Fiduciary Net Position - Beginning	8,970,835	7,317,337	2,227,926	1,545,306
Plan Fiduciary Net Position - Ending (b)	$ 10,175,652	$ 8,970,835	$ 7,317,337	$ 2,227,926
Net OPEB Liability - Ending (a) - (b)	$ 8,752,070	$ 8,526,347	$ 17,771,088	$ 21,164,254
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	53.76%	51.27%	29.17%	9.52%
Covered Employee Payroll	$ 65,043,143	$ 65,824,910	$ 63,530,301	$ 59,959,806
Net OPEB Liability as a Percentage of Covered Employee Payroll	13.46%	12.95%	27.97%	35.30%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.39%	6.91%	5.39%	12.36%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1221%	0.1257%	0.1151%	0.1134%
Proportionate share of the net OPEB liability	$ 517,391	$ 468,193	$ 440,630	$ 476,946
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.0701%	0.0711%	0.0698%	0.0680%
Proportionate share of the net pension liability	$ 67,900,835	$ 64,187,821	$ 64,129,414	$ 62,843,656
State's proportionate share of the net pension liability associated with the District	35,002,889	35,018,742	36,717,089	37,177,776
Total	$ 102,903,724	$ 99,206,563	$ 100,846,503	$ 100,021,432
Covered payroll	$ 39,472,573	$ 38,769,079	$ 35,996,577	$ 34,462,981
Proportionate share of the net pension liability as a percentage of its covered payroll	172.02%	165.56%	178.15%	182.35%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.1765%	0.1729%	0.1755%	0.1756%
Proportionate share of the net pension liability	$ 54,141,781	$ 50,389,087	$ 46,800,641	$ 41,911,562
Covered payroll	$ 25,497,972	$ 24,004,534	$ 23,217,616	$ 22,433,093
Proportionate share of the net pension liability as a percentage of its covered payroll	212.34%	209.91%	201.57%	186.83%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0703%	0.0756%	0.0749%
Proportionate share of the net pension liability	$ 56,874,602	$ 50,907,097	$ 43,786,963
State's proportionate share of the net pension liability associated with the District	32,377,696	26,924,243	26,440,459
Total	$ 89,252,298	$ 77,831,340	$ 70,227,422
Covered payroll	$ 32,732,293	$ 31,331,194	$ 33,374,121
Proportionate share of the net pension liability as a percentage of its covered payroll	173.76%	162.48%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.1850%	0.1915%	0.2191%
Proportionate share of the net pension liability	$ 36,531,807	$ 28,230,684	$ 24,878,835
Covered payroll	$ 22,221,871	$ 22,419,217	$ 23,005,261
Proportionate share of the net pension liability as a percentage of its covered payroll	164.40%	125.92%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018
CalPERS - Safety Pool Plan				
Proportion of the net pension liability	0.0342%	0.0343%	0.0347%	0.0348%
Proportionate share of the net pension liability	$ 2,277,964	$ 2,139,477	$ 2,038,731	$ 2,081,400
Covered payroll	$ 775,763	$ 680,003	$ 671,522	$ 666,763
Proportionate share of the net pension liability as a percentage of its covered payroll	293.64%	314.63%	303.60%	312.16%
Plan fiduciary net position as a percentage of the total pension liability	73%	73%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS - Miscellaneous Risk Pool (Associated Students)				
Proportion of the net pension liability	0.0179%	0.0174%	0.0167%	0.0163%
Proportionate share of the net pension liability	$ 757,020	$ 695,510	$ 629,915	$ 641,930
Covered payroll	$ 78,602	$ 76,685	$ 74,091	$ 71,950
Proportionate share of the net pension liability as a percentage of its covered payroll	963.11%	906.97%	850.19%	892.19%
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	78%	75%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalPERS - Safety Pool Plan			
Proportion of the net pension liability	0.0361%	0.0381%	0.0232%
Proportionate share of the net pension liability	$ 1,868,917	$ 1,568,619	$ 1,445,953
Covered payroll	$ 550,865	$ 555,209	$ 576,913
Proportionate share of the net pension liability as a percentage of its covered payroll	339.27%	282.53%	250.64%
Plan fiduciary net position as a percentage of the total pension liability	70%	77%	81%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Miscellaneous Risk Pool (Associated Students)			
Proportion of the net pension liability	0.0157%	0.0140%	0.0074%
Proportionate share of the net pension liability	$ 546,540	$ 380,645	$ 462,861
Covered payroll	$ 68,275	$ 68,275	$ 70,323
Proportionate share of the net pension liability as a percentage of its covered payroll	800.50%	557.52%	658.19%
Plan fiduciary net position as a percentage of the total pension liability	76%	80%	81%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	$ 6,133,383	$ 6,749,810	$ 6,311,606	$ 5,194,306
Contributions in relation to the contractually required contribution	(6,133,383)	(6,749,810)	(6,311,606)	(5,194,306)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 37,977,604	$ 39,472,573	$ 38,769,079	$ 35,996,577
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%
CalPERS				
Contractually required contribution	$ 5,433,231	$ 5,028,455	$ 4,335,669	$ 3,605,928
Contributions in relation to the contractually required contribution	(5,433,231)	(5,028,455)	(4,335,669)	(3,605,928)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 26,247,493	$ 25,497,972	$ 24,004,534	$ 23,217,616
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%
CalPERS - Safety Pool Plan				
Contractually required contribution	$ 331,325	$ 385,654	$ 328,276	$ 290,835
Contributions in relation to the contractually required contribution	(331,325)	(385,654)	(328,276)	(290,835)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 739,445	$ 775,763	$ 680,003	$ 671,522
Contributions as a percentage of covered payroll	25.540%	23.654%	22.346%	21.418%
CalPERS - Miscellaneous Risk Pool (Associated Students)				
Contractually required contribution	$ 55,663	$ 48,676	$ 38,904	$ 29,578
Contributions in relation to the contractually required contribution	(55,663)	(48,676)	(38,904)	(29,578)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 78,602	$ 78,602	$ 76,685	$ 74,091
Contributions as a percentage of covered payroll	8.794%	8.081%	7.634%	7.200%

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 4,335,443	$ 3,512,175	$ 2,782,210
Contributions in relation to the contractually required contribution	(4,335,443)	(3,512,175)	(2,782,210)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 34,462,981	$ 32,732,293	$ 31,331,194
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,115,508	$ 2,632,625	$ 2,638,966
Contributions in relation to the contractually required contribution	(3,115,508)	(2,632,625)	(2,638,966)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 22,433,093	$ 22,221,871	$ 22,419,217
Contributions as a percentage of covered payroll	13.888%	11.847%	11.771%
CalPERS - Safety Pool Plan			
Contractually required contribution	$ 289,027	$ 234,704	$ 225,565
Contributions in relation to the contractually required contribution	(289,027)	(234,704)	(225,565)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 666,763	$ 550,865	$ 555,209
Contributions as a percentage of covered payroll	43.348%	20.230%	18.260%
CalPERS - Miscellaneous Risk Pool (Associated Students)			
Contractually required contribution	$ 23,405	$ 18,777	$ 5,465
Contributions in relation to the contractually required contribution	(23,405)	(18,777)	(5,465)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 71,950	$ 68,275	$ 68,275
Contributions as a percentage of covered payroll	7.159%	7.200%	7.200%

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

Note 1 - Purpose of Schedules

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

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

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

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.50% to 2.21% 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 either CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the 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, 2021

Glendale Community College District

The Glendale Community College District was formed in 1983, by an act of law, which required the college to separate from the Glendale Unified School District. The District boundaries include the city of Glendale and the unincorporated area of Los Angeles known as La Crescenta. The College serves approximately 15,000 students at the main campus, as well as the Garfield Campus and the Professional Development Center. There were no changes in the District's boundaries during the 2020-2021 fiscal year. The District's College is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

Board of Trustees as of June 30, 2021

Member	Office	Term Expires
Dr. Armine Hacopian	President	2022
Ms. Ann H. Ransford	Vice President	2022
Mr. Sevan Benlian	Clerk	2024
Ms. Desireé Portillo Rabinov	Member	2024
Ms. Yvette Vartanian Davis	Member	2022

Administration as of June 30, 2021

Dr. David Viar	Superintendent/President
Dr. Anthony Culpepper	Executive Vice President, Administrative Services
Dr. Michael Ritterbrown	Vice President, Instructional Services
Dr. Paul Schlossman	Vice President, Student Services
Dr. Victoria Simmons	Vice President, Human Resources

Auxiliary Organizations in Good Standing

Glendale College Foundation, established 1983
Master Agreement established March 15, 1983
Lisa Brooks, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 22,642,058
Federal Pell Grant Program Administrative Allowance	84.063		25,730
Federal Direct Student Loans	84.268		1,792,224
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		644,600
FSEOG Administrative Allowance	84.007		40,663
Federal Work-Study Program	84.033		182,941
Subtotal Student Financial Assistance Cluster			25,328,216
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		6,110,447
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		16,365,174
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		639,230
Subtotal			23,114,851
Passed through California Department of Education (CDE)			
Adult Basic Education	84.002A	14508	762,097
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Title I, Part C	84.048A	20-C01-730	521,883
Building a Completion Pathway for Hispanic and Other High Need Students	84.031S		154,688
Adelante GCC: Advancing Glendale College Toward HSI Excellence	84.031S		402,826
Passed through California State University, Northridge			
Title III - Bridging the Gap: Enhancing AIMS2 for Student Success	84.031C	A-17-0013-S002	50,020
Subtotal			607,534
Total U.S. Department of Education			50,334,581
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus Relief Fund	21.019	[1]	676,864

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Veterans Affairs			
Veterans Services	64.117		$ 976
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]	243,270
Head Start Cluster			
Passed through Pacific Clinics			
Head Start/Early Head Start	93.600	[1]	59,367
Subtotal Head Start Cluster			59,367
Total U.S. Department of Health and Human Services			302,637
Total Federal Financial Assistance			$ 51,315,058

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

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Board Financial Assistance Program	$ 659,056	$ -	$ -	$ 659,056	$ 659,056
Calworks	2,053,231	6,396	601,466	1,458,161	1,458,161
CARE	36,936	-	-	36,936	36,936
CARE-Financial Aid	53,811	-	-	53,811	53,811
Disabled Students Program and Services	1,361,937	-	-	1,361,937	1,361,937
Adult Education Block Grant	2,889,558	-	2,070,775	818,783	818,783
Re-Entry Pathway Program	37,581	-	15,838	21,743	21,743
Employment Training Panel	140,073	-	-	140,073	140,073
Extended Opportunity Program and Services - Financial Aid	952,643	-	-	952,643	952,643
Extended Opportunity Program and Services	1,250,646	-	-	1,250,646	1,250,646
Mental Health Support	61,505	-	29,365	32,140	32,140
Student Equity	2,087,880	1,803,186	-	3,891,066	3,891,066
Staff Diversity	200,161	-	170,887	29,274	29,274
Classified Professional Development	59,273	-	59,273	-	-
State Preschool	29,595	-	-	29,595	29,595
Child Care Resource Center	1,327	-	-	1,327	1,327
California State Preschool Program	120,139	-	-	120,139	120,139
Nursing Program Enrollment	204,557	-	-	204,557	204,557
Cal Grants - Financial Aid	3,222,222	-	-	3,222,222	3,222,222
Full-time Student Success Grant	2,188,756	-	-	2,188,756	2,188,756
California College Promise Grant	736,420	-	53,198	683,222	683,222
Disaster Relief Emegency Student Financial Aid	114,631	-	-	114,631	114,631
Guided Pathways	1,289,489	-	1,274,064	15,425	15,425
Food Pantry	90,826	-	39,450	51,376	51,376
Data On demand Training	2,053	-	2,053	-	-
WIA	38,798	-	38,798	-	-

See Notes to Supplementary Information

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Strong Workforce Regional	$ 2,178,986	$ -	$ 1,413,141	$ 765,845	$ 765,845
Strong Workforce Program	423,934	4,303	-	428,237	428,237
Regional-Career Pathway	90,275	25,136	-	115,411	115,411
Regional ICAP	38,711	-	-	38,711	38,711
DSN-Rio Hondo	27,200	-	-	27,200	27,200
DSN-Rancho Santiago-Year 2	144,978	49,920	-	194,898	194,898
Higher Education Innovation	1,387,268	-	942,945	444,323	444,323
Learning Lab	-	19,736	-	19,736	19,736
SB 85	1,282,776	-	332,357	950,419	950,419
Undocumented Resource Liasion	61,840	-	61,840	-	-
Telecommunication and Technology Infrastructure	1,507,723	-	830,859	676,864	676,864
Total state programs	$ 27,026,795	$ 1,908,677	$ 7,936,309	$ 20,999,163	$ 20,999,163

CATEGORIES	Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit*	219.37	-	219.37
2. Credit	1,373.90	-	1,373.90
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,483.14	-	5,483.14
(b) Daily Census Contact Hours	764.25	-	764.25
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	1,355.63	-	1,355.63
(b) Credit	31.51	-	31.51
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,165.24	-	2,165.24
(b) Daily Census Procedure Courses	1,136.32	-	1,136.32
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	12,529.36	-	12,529.36
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	1,171.57	-	1,171.57
2. Credit	189.46	-	189.46
CCFS-320 Addendum			
CDCP Noncredit FTES	1,425.04	-	1,425.04
Centers FTES			
1. Noncredit*	1,575.00	-	1,575.00
2. Credit	-	-	-

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of November 8, 2021.

	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	$ 17,818,601	$ -	$ 17,818,601	$ 18,854,706	$ -	$ 18,854,706
Other	1300	18,476,671	-	18,476,671	18,587,037	-	18,587,037
Total Instructional Salaries		36,295,272	-	36,295,272	37,441,743	-	37,441,743
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,211,835	-	7,211,835
Other	1400	-	-	-	810,967	-	810,967
Total Noninstructional Salaries		-	-	-	8,022,802	-	8,022,802
Total Academic Salaries		36,295,272	-	36,295,272	45,464,545	-	45,464,545
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	18,582,777	-	18,582,777
Other	2300	-	-	-	777,073	-	777,073
Total Noninstructional Salaries		-	-	-	19,359,850	-	19,359,850
Instructional Aides							
Regular Status	2200	1,677,216	-	1,677,216	2,158,443	-	2,158,443
Other	2400	205,966	-	205,966	244,011	-	244,011
Total Instructional Aides		1,883,182	-	1,883,182	2,402,454	-	2,402,454
Total Classified Salaries		1,883,182	-	1,883,182	21,762,304	-	21,762,304
Employee Benefits	3000	14,868,185	-	14,868,185	27,427,952	-	27,427,952
Supplies and Material	4000	-	-	-	361,874	-	361,874
Other Operating Expenses	5000	-	-	-	9,344,937	-	9,344,937
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		53,046,639	-	53,046,639	104,361,612	-	104,361,612

		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
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	156	-	156
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	2,952,625	-	2,952,625
Objects to Exclude							
Rents and Leases	5060	-	-	-	17,490	-	17,490
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		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		-	-	-	2,970,271	-	2,970,271
Total for ECS 84362, 50% Law		$ 53,046,639	$ -	$ 53,046,639	$ 101,391,341	$ -	$ 101,391,341
% of CEE (Instructional Salary Cost/Total CEE)		52.32%		52.32%	100.00%		100.00%
50% of Current Expense of Education					$ 50,695,671		$ 50,695,671

Summarized below is the fund balance reconciliation between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements.

	Unrestricted General Fund
Fund Balance	
Balance, June 30, 2021, (CCFS-311)	$ 8,207,369
Post closing adjustment	
Increase in	
Accounts receivable	4,390,822
Audit adjustment	
Decrease in	
Accounts receivable	(5,484,009)
Balance, June 30, 2021, Audited	$ 7,114,182

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 21,959,720
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 21,959,720	$ -	$ -	$ 21,959,720
Total Expenditures for EPA		$ 21,959,720	$ -	$ -	$ 21,959,720
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 11,271,160	
Special Revenue Funds	6,279,692	
Capital Project Funds	180,956,012	
Debt Service Funds	23,513,541	
Internal Service Funds	3,732	
Fiduciary Funds	12,680,826	
Total fund balance - all District funds		$ 234,704,963
Amounts held in trust on behalf of others (OPEB Trust)		(12,680,826)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	310,092,521	
Accumulated depreciation is	(96,463,108)	
Total capital assets, net		213,629,413
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	3,746,791	
Deferred outflows of resources related to OPEB	1,289,411	
Deferred outflows of resources related to pensions	26,343,762	
Total deferred outflows of resources		31,379,964
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.		(4,589,678)
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	(383,574,126)	
Compensated absences	(3,956,784)	
Load banking	(2,716,706)	
Supplemental employee retirement plan	(2,541,512)	
Aggregate net other postemployment benefits (OPEB) liability	(9,269,461)	
Aggregate net pension liability	(125,077,600)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(8,704,122)	
Total long-term liabilities		(535,840,311)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(6,612,305)	
Deferred inflows of resources related to pensions	(5,601,289)	
Total deferred inflows of resources		(12,213,594)
Total net position (deficit)		$ (85,610,069)

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.

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, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

Donated Personal Protective Equipment (PPE) (unaudited)
Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was approximately $63 thousand and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the Schedule of Expenditure of Federal Awards.

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.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

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, 2021

Glendale Community College District

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

Board of Trustees
Glendale Community College District
Glendale, 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, the financial statements of the business-type activities and the remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 28, 2022. We issued a qualified opinion on the business-type activities as more fully described in Note 15 to the financial statements and an unmodified opinion on the remaining fund information.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

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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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 that we consider to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-003.

Glendale Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
April 28, 2022

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

Board of Trustees
Glendale Community College District
Glendale, California

Report on Compliance for Each Major Federal Program
We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on COVID-19: Higher Education Emergency Relief Funds (HEERF) (Federal Assistance Listing Number: 84.425)
As described in the accompanying schedule of findings and questioned cost, the District did not comply with requirements regarding Federal Assistance Listing Number: 84.425 COVID-19: Higher Education Emergency Relief Funds (HEERF) as described in finding number 2021-004 for Activities Allowed, Allowable Costs and Period of Performance. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on COVID-19: Higher Education Emergency Relief Funds (HEERF) (Federal Assistance Listing Number: 84.425)
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the COVID-19: Higher Education Emergency Relief Funds (HEERF) program for the year ended June 30, 2021.

Unmodified Opinion on the Other Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters
The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-004 that we consider to be material a weakness.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the 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
April 28, 2022

Independent Auditor's Report on State Compliance

Board of Trustees
Glendale Community College District
Glendale, California

Report on State Compliance
We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements described in the 2020-2021 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, 2021.

Management's Responsibility
Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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 and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 499	COVID-19 Response Block Grant Expenditures

The District reports no Apportionment for Activities Funded from Other Sources; therefore, the compliance tests within this section were not applicable.

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

The District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable

Unmodified Opinion
In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs noted in the table above that were audited for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2020-2021 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
April 28, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

Glendale Community College District

Financial Statements

Type of auditor's report issued	Qualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Qualified

Unmodified for all major programs except for the following program which was qualified

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L

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/ Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L

Dollar threshold used to distinguish between type A and type B programs	$1,539,452
Auditee qualified as low-risk auditee?	No

State Compliance

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

The following findings represent material weaknesses and an instance of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2021-001 Financial Reporting and Closing Process

Criteria or Specific Requirements
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition
Material Weakness - Year-end adjustments were identified during the audit that resulted in changes in certain accounts from the client prepared trial balance. The accounts receivable and general state apportionment revenue were overstated by $5,484,009.

Questioned Costs
There are no questioned costs associated with this finding.

Context
Account balances associated with the above mentioned accounts required adjustments in order to be in accordance with the BAM and GAAP.

Effect
As a result of audit procedures performed over the District's total computational revenue calculation, a material adjustment to the general state apportionment revenue account balance was proposed and accepted by management.

Cause
The oversight and monitoring controls over the closing process, including the review of the District's total computational revenue calculation were not effective in preventing or detecting errors.

Repeat Finding (Yes or No)
No.

Recommendation
The District should establish policies and procedures to ensure account balances are fairly stated and reported in accordance with BAM and GAAP.

Views of Responsible Officials and Corrective Action Plan
The District has implemented secondary review processes to support the accuracy of revenue entries. In addition, all reversing entries made at the end of each fiscal year will be analyzed as a part of the revenue and expenditure accrual process.

2021-002 Financial Condition of the District

Criteria or Specific Requirements
Pursuant to *Education Code* Section 84040, the Board of Governors is required to adopt criteria and standards for the periodic assessment of the fiscal condition of California community college districts. The main criteria for assessment will be the percentage of unrestricted General Fund balance to all expenditures and other outgo of unrestricted General Fund. The minimum prudent unrestricted General Fund balance is 5% for community colleges. This minimum prudent level is considered necessary to ease cash flow problems, to deal with unexpected cost increases, and other fiscal uncertainties. If a district falls below this minimum prudent level, further review will be performed to determine if any fiscal problems exist.

Condition
Material Weakness - The District ended the 2020-2021 year with $7,114,182 in available reserves, which was comprised of unassigned balances held in the unrestricted General Fund. This amount represented 6.00% of the District's total expenditures and other financing uses. However, due to the qualified opinion issued over revenue recognition for government-mandated nonexchange transactions and the related departure from GAAP, this reserve balance is at risk for disallowed costs by the grantor agency that could have a material effect on the overall financial position of the District at June 30, 2021.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The condition was identified through the review of the District's reserve balances and the District's ending fund balance as of June 30, 2021.

Effect
The District's unrestricted general fund balance is at risk relating to potential disallowed costs by the grantor agency. Should costs be disallowed the District is at risk of not meeting the minimum required reserve balance of 5%.

Cause
The significant factors contributing to the District's condition include the following:

1) Current year revenues and fund balance include one-time revenues related to government-mandated nonexchange transactions that could be disallowed by the grantor agency.
2) Audit adjustment resulting in a decrease of general fund apportionment revenue of $5,484,009.
3) Deficit spending in the unrestricted General Fund during fiscal years 2018-2019 and 2019-2020 have resulted in a continued declines in the unrestricted General Fund balance.

Repeat Finding (Yes or No)
No.

Recommendation
The District must actively monitor its budget to actual results to ensure that the District can maintain adequate unrestricted General Fund reserves. More importantly, the District should develop an aggressive fiscal management and budget stabilization plan that identifies a viable correction plan to ensure that fiscal solvency can be sustained. The stabilization plan should incorporate adequate expenditure mitigation objectives that can create an additional layer of "cushion" beyond the minimum reserve requirement. This will allow the District to accommodate future uncertainties in operational variances without impairing the District's reserves.

Views of Responsible Officials and Corrective Action Plan
The District continues to meet with the constituency groups to discuss the current budget and five year projection analysis. The development of the 2022-23 budget begins to address the opportunities to control increases in the health and wellness benefits through engaging a JPA. In addition, the cost of living adjustments are being reviewed to support alignment with compensation increases.

2021-003 Revenue Recognition

Criteria or Specific Requirements
Pursuant to GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*, Government-mandated nonexchange transactions occur when a government (including the federal government) at one level provides resources to a government at another level and requires that government to use them for a specific purpose or purposes established in the provider's enabling legislation. The principal characteristics of these transactions are (1) a provider government (including the federal government) mandates that a recipient government perform a particular program or facilitate its performance by another government or by a nongovernmental entity (secondary recipient) and (2) fulfillment of certain requirements is essential for a transaction (other than the provision of cash or other assets in advance) to occur. These essential requirements may include time requirements and are referred to in this Statement as eligibility requirements.

According to para. 30(d), of GASB Statement No. 33, revenues resulting from government-mandated nonexchange transactions and voluntary nonexchange transactions should be recognized as follows: Recipients should recognize revenues in the period when all applicable eligibility requirements have been met.

Condition
Material Weakness - The District recognized $8,467,062 in revenue from the COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion (ALN Number 84.425F) grant, for which qualifying expenditures did not exist. See additional information reported in Finding 2021-004.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District's Statement of Revenues, Expenses and Changes in Net Position report $24,437,696 in federal grants and contracts, noncapital, for the year ended June 30, 2021.

Effect
The District's is not in compliance with provisions of GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*.

Cause
The District's management interpreted the HEERF FAQ guidance to allow for complete discharge of all student debt, regardless of enrollment status as of March 13, 2020. As a result of this interpretation, management believed that eligibility requirements noted under GASB Statement No. 33 had been met.

Repeat Finding (Yes or No)
No.

Recommendation
The District's management should contact ED for advance approval for costs incurred to ensure allowability under the Uniform Guidance and HEERF compliance requirements, as well as ensure compliance with GASB Statement No. 33 for recognition of revenue from government-mandated nonexchange transactions and voluntary nonexchange transactions.

Views of Responsible Officials and Corrective Action Plan
Due to the effects of the COVID 19 pandemic, the Federal Government has distributed resources using the Higher Education Emergency Relief Fund (HEERF) and American Rescue Plan (ARP). These governmental acts have been supplemented by Frequently Asked Questions (FAQs) documents that provide guidance to Institutions of Higher Education (IHE) in the areas of revenue recovery, expenditure abatement, and student support. As noted by the U. S. Department of Education, the language within these documents "and the contents of this guidance do not have the force and effect of law and are … intended only to provide clarity to the public regarding existing requirements under the law or agency policies." Therefore, the FAQs have been interpreted in various ways depending on the Institution. However, what appears to vary in interpretation, nevertheless does have a common underlying practice, the monies are being used to support and help students persist, reengage, and achieve their educational goals.

The following finding represents a material weakness and an instance of noncompliance including questioned costs that is required to be reported by the Uniform Guidance.

2021-004 **Activities Allowed, Allowable Costs, Period of Performance**
Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion
Federal Assistance Listing Number: 84.425F
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements
The Uniform Guidance Cost Principles described in 2 CFR Part 200, Subpart E, apply to the HEERF subprogram. Its HEERF III FAQs published on May 11, 2021, Question 26, ED states:

Institutions may discharge student debt or unpaid balances by discharging the complete balance of the debt as lost revenue and reimbursing themselves through their HEERF institutional grants or by providing additional emergency financial grants to students (with their permission). The Department strongly encourages institutions to discharge such debt. The following examples are listed to provide guidance to institutions on handling these situations:

Example 2: Enrollment hold: A student who is enrolled at the institution at any point on or after March 13, 2020 and in progress toward a degree is blocked from enrolling in the next term because of an unpaid balance.

Additionally, Uniform Guidance 2 CRF 200, Subpart E, § 200.403 Factors affecting allowability of cost:
§ 200.403(a): Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
§ 200.403(e): Be determined in accordance with generally accepted accounting principles (GAAP),
§ 200.403(h): Cost must be incurred during the approved budget period.

Period of Performance: In the CARES Act, CRRSAA, and ARP Certification and Agreements, all institutions were given one calendar year (12 months) from the date of award in their HEERF Grant Award Notifications (GAN) to complete the performance of their HEERF grants. For the HEERF II and HEERF III awards, funds may be used for all costs incurred on or after March 13, 2020.

Condition
Material Weakness in Internal Control over Compliance and Noncompliance - The District discharged the entire student accounts receivable balance of $8,048,822 and an additional $4,390,822 in previously written off student receivables, without consideration of the student's enrollment status as of March 13, 2020, as referenced above per HEERF FAQ, Question 26.

Questioned Costs
Questioned costs associated with this finding is $8,467,062. This is the student balances discharged for students not enrolled at the institution as of March 13, 2020.

Context
The District spent $16,365,174 in COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion, of which $12,439,644 was related to student debt discharge.

Effect
The District is not in compliance with the Uniform Guidance 2 CRF 200, Subpart E, § 200.403 that costs must be reasonable, in accordance with generally accepted accounting principles, and for costs within the approved budget period. Additionally, the District is not in compliance with ED's FAQ guidance that student debt discharge is allowable for students enrolled as of March 13, 2020.

Cause
District management interpreted the HEERF FAQ guidance to allow for complete discharge of all student debt, without consideration of enrollment status as of March 13, 2020.

Repeat Finding (Yes or No)
No.

Recommendation
District management should contact ED for advance approval for costs incurred to ensure allowability under the Uniform Guidance and HEERF compliance requirements.

Views of Responsible Officials and Corrective Action Plan
It is GCC's position that guidance language in Higher Education Emergency Relief Fund III Frequently Asked Questions, published May 11, 2021, FAQs #26 and #27 allow for HEERF resources to discharge student debt or unpaid balances in order to reengage them as they continue their educational journey. As noted in the FAQ document:

> "The Department strongly encourages institutions to discharge such debt." (ARPFAQ p.14 #26)

GCC engaged in direct outreach to inform and encourage its students to reengage their education by sending emails to each one. (ARPFAQ #31 p.19) This effort is directly supported by the guidance language, because it is equitable across the entire student aging. Any student who desired to reengage their educational aspirations, but had the understanding based on past practices that their debt prevented them from receiving transcripts or reenrolling, would be freed from that burden. As guidance noted in the FAQ document:

> "Reengagement: Institutions can discharge the complete balance of a student's institutional debt as lost revenue and reimburse themselves through their HEERF institutional grants, including associated fees and penalties, so students can re- enroll, continue their education, or obtain their official transcript to transfer and/or secure employment." (ARPFAQ #27 p.16)

Note this specific guidance answer makes no reference to only re-engaging individuals with student debt incurred after March 13, 2020. The focus of FAQ 27 is on the need for "efforts to engage or reengage students who would otherwise be at risk of not completing their college degrees as a result of coronavirus…(as) that can have a positive impact for students, institutions, and their local communities."

GCC interprets this guidance to recognize the large number of individuals who have become unemployed due to the pandemic and now need to seek further education and training so they can obtain jobs. This would not be possible for those individuals with student debt were it not discharged. In the words of FAQ 27, “so students can re-enroll, continue their education, or obtain their official transcript to transfer and/or secure employment.”

GCC followed the guidance language in the FAQ by sending emails to each student informing them of the resources made available by the HEERF/ARP. Thus, GCC’s action of relieving the students’ debts should be deemed as permissible. As noted in the FAQ document:

> “What efforts to reengage students are allowable, and would not be classified as impermissible… (ARPFAQ #27, p.16)
>
> “…efforts to engage or reengage students who would otherwise be at risk of not completing their college degrees as a result of coronavirus is a permissible use of HEERF funds that can have a positive impact for students, institutions, and their local communities. (ARPFAQ #27, p.16)

As noted above, GCC is aware of Institutions of Higher Education that have interpreted the FAQ guidance language leading them to apply the HEERF/ARP resources to outstanding student debt that precedes the March 2020 (Spring) date. As a reference, CSCU to forgive $17 million in community college student debt (ctmirror.org), is one of many examples.

For clarity, GCC used the HEERF/ARP funds as a “reengagement strategy” to support all its students having outstanding debt. The emails targeted those students directly, following guidance in the FAQ document. (ARPFAQ #31 p.19) GCC agrees with the use of HEERF/ARP resources to relieve student debt being a receivable carried pre-March 2020. GCC has ensured that access was provided to the resources without preconditions. As noted in the FAQ:

> “What the institution cannot do: The institution cannot condition, nor imply that it will condition, discharging these funds on the condition the student takes any specified actions (i.e., no conditioning a discharge of debt on continued reenrollment)”. (ARPFAQ #26 p. 15)

Most recently the Chancellor of the California Community Colleges state the following:

> "Colleagues, I want to thank you for your ongoing efforts to ensure that our students enroll, persist, and succeed. As your work continues, I want to highlight two statewide trends that are gaining speed and you should be aware of. First, earlier this month, I reminded the Board of Governors and the public, that our advocacy to ensure that all community college students could benefit from HEERF I and II federal dollars was an intentional collective effort. As a reminder, districts have the authority to use these funds to cancel outstanding student debts. I know several of you have already acted by cancelling prior student debt for thousands of pandemic impacted Californians, and that you have built effective outreach strategies to re-enroll these students. This type of action is an effective strategy for re-engaging students. And most recently, a statewide effort to cancel all income tax intercepts through July 31, 2022, was launched by statewide social justice groups. The Chancellor’s Office agrees that students who cannot afford to pay outstanding balances should not be prevented from enrolling. Suspending these collections through July aligns with the California Community Colleges goal of an economic recovery with equity. Should this effort progress, it would impact the Chancellor’s Office Tax Offset Program (COTOP). Districts with active MOU’s would be impacted and would receive formal notification. Thank you for your leadership and urgent action."

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Compliance Findings

2020-001 Section 427 – Dual Enrollment (CCAP and Non-CCAP)

Criteria or Specific Requirements
For physical education classes, no more than ten percent of its enrollment may be comprised of special part-time or full-time students. In the view of the Chancellor's Office, this ten percent limit serves as a limit on how many students may be claimed for apportionment in each course section, not how many may actually be enrolled in a class section. In addition, a community college district may not receive state apportionment for special part-time and full-time students enrolled in physical education courses in excess of five percent of the district's total reported Full-Time Equivalent Students (FTES) of special part-time and full-time students. PE courses under CCAP are also subject to the 5-percent FTES cap under Education Code section 76002(a)(4) if the district wishes to receive state apportionment for special admit students.

Condition
During our review of dual enrollment reporting for physical education courses, we identified that the District claimed more than the allowable ten percent limit for special admit students for apportionment reporting purposes.

Cause
The District does not have internal controls to ensure that the District is properly claiming special-admit students correctly for apportionment reporting purposes.

Effect
The District improperly claimed 2.0422 FTES of special admit students for physical education courses.

Questioned costs
2.0422 FTES.

Context/Sampling
We identified one physical education course of the five selected for testing that the District overclaimed special admit students for apportionment reporting purposes. The total number of physical education courses with special-admit students, based on P-1 data, is 26, for a total FTES of 14.3838. The District then performed a 100% review of physical education courses with special-admit students, noting two additional courses claimed above the ten percent threshold.

Repeat Finding (Yes or No)
No.

Recommendation
The District should implement procedures to ensure that physical education courses with special admit students do not claim for apportionment reporting in excess of the thresholds prescribed by the Chancellor's Office.

Current Status
Implemented.