Financial Statements
June 30, 2022

Desert Community College District

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Independent Auditor's Report

Board of Trustees
Desert Community College District
Palm Desert, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of the Desert Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 14 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Accordingly, a restatement has been made to the business-type activities net position as of June 30, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary schedules on pages 67 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

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USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Desert Community College District (the District) as of June 30, 2022. The report consists of three basic financial statements: the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

FINANCIAL HIGHLIGHTS

The following discussion and analysis provide an overview of the District's financial activities:

As of June 30, 2022, the District's total net position is $137,349,112. Total net position of the District increased $26,215,432 from the previous year. The District's General Fund Unrestricted balance at the end of the fiscal year increased to $27,195,056. The District continues to maintain the board recommended 7.5 % reserve for economic uncertainties.

The District's primary unrestricted funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of the Student-Centered Funding Formula (SCFF). The funding formula is made up of three primary components: Full-Time Equivalent Students (FTES), counts of low-income students, and student success outcomes as defined in statute. Under the formula, the District's calculated total revenue entitlement (Total Calculated Revenue or TCR) was = $76,208,341. This was a net increase of approximately $3.7 million over the 2020-2021 fiscal year. Total credit and non-credit FTES reported for the 2021-2022 fiscal year was 8,750.76; an increase of 13.51 FTES or approximately 0.15%.

The calculated statutory cost-of-living (COLA) was 5.07%.

Enrollment fee: During 2021-2022, the enrollment fees charged to students were unchanged at $46 per unit which is established by the State for all community colleges. Enrollment fees are included in the calculation of general apportionment.

The voters within the boundaries of the Desert Community College District overwhelmingly supported the passage of Measure B, a $346.5 million general obligation bond issue on March 2, 2004. The term of the bonds will be from August 2004 to and including 2046. The first issuance for bond sales was for $65 million in August 2004 and refunded in June 2005 bringing the total to $73 million. In November 2007, the District issued General Obligation Bonds, Series 2007B, in the amount of $57,850,000. In December 2007, the District issued the final approved principal amount of General Obligation Bonds, Series 2007C, in the amount of $223,648,444.

On November 8, 2016, the voters again provided strong support in supporting the passage of Measure CC, a $577.8 million general obligation bond authorization to address future facility needs at the District. In June 2018, the District issued the first series in the amount of $50 million. In August of 2020, the District issued the second series in the amount of $60 million. In November 2021, the District issued the third and fourth series in the amount of $85 million and $25 million, respectively. These bonds will be used to fund the District's Capital Improvement Plan, which includes acquisition, construction, modernization, renovation, and equipping of certain District property and facilities, and to pay certain costs of issuance of said bonds.

THE DISTRICT AS A WHOLE

Statement of Net Position

The District's financial position, as a whole, increased during the current fiscal year ending June 30, 2022. The total net position increased $26,215,432 from the previous year due primarily to increases in property taxes, coupled with decreases in pension related expenses.

- Cash, cash equivalents, and investments consist of cash in local banks, the County Treasury, and other investments of $377,048,310 as of June 30, 2022, compared to $236,445,085 as of June 30, 2021.

- Receivables consist mainly of state and federal grants, interest, lottery, enrollment fees, property taxes, State apportionment and lease receivables that were not yet received as of June 30, 2022, in the amount of $15,634,782 compared to $26,616,072 as of June 30, 2021.

- Capital assets, net, and right-to-use leased assets, net, are the net value of land, buildings, construction, machinery, equipment, vehicles, and works of art, less accumulated depreciation and amortization. The breakdown of this total net value can be found in the notes to the financial statements. Net capital assets as of June 30, 2022, amounted to $377,753,413 compared to $384,663,463 for fiscal year ending June 30, 2021.

- Accounts payable and accrued liabilities consist of payables to vendors, accrued payroll and benefits, and apportionment of $27,709,517 as of June 30, 2022, compared to $17,910,839 as of June 30, 2021. Accrued interest payable on bonds as of the end of fiscal year June 30, 2022, of $6,982,039 compared to $7,082,294 for fiscal year ending June 30, 2021.

- Unearned revenue relates to federal, state, and local program funds received, but not yet earned, as of the end of the fiscal year June 30, 2022, of $8,495,860 compared to $6,164,831 at the end of fiscal year June 30, 2021. Most grant funds are earned when spent, up to the award amount.

- Current and noncurrent liabilities consist of finance purchase as of June 30, 2022, in the amount of $12,078 compared to $27,629 as of June 30, 2021, leases as of June 30, 2022, in the amount of $746,815 compared to $1,019,202 as of June 30, 2021, compensated absences liability as of June 30, 2022, in the amount of $1,795,825 compared to $1,883,555 as of June 30, 2021, load banking liability in the amount of $519,553 as of June 30, 2022, as compared to $527,539 as of June 30, 2021, early retirement plan of $2,399,009 as of June 30, 2022. The aggregate net other postemployment benefit liability was $5,307,981 as of June 30, 2022, compared to $7,254,412 as of June 30, 2021. The District's aggregate net pension liability is $53,130,654 as of June 30, 2022, as compared to $91,705,658 as of June 30, 2021.

- Bonds payable of $543,719,000 at June 30, 2022, compared to $440,480,634 at June 30, 2021, represent general obligation bonds issued under Proposition 39/Measures B and CC for capital improvements and expansion of the District. These bonds are discussed in greater detail in the notes to the financial statements.

The Statement of Net Position as of June 30, 2022 and June 30, 2021, is summarized below.

Table 1

	2022	2021, as restated	Change
Assets			
Cash and investments	$ 377,048,310	$ 236,445,085	$ 140,603,225
Receivables	15,634,782	26,616,072	(10,981,290)
Other current assets	130,359	295,785	(165,426)
Capital assets and right-to-use leased assets, net	377,753,413	384,663,463	(6,910,050)
Total assets	770,566,864	648,020,405	122,546,459
Deferred Outflows of Resources	57,288,942	46,611,854	10,677,088
Liabilities			
Accounts payable and accrued liabilities	43,187,416	31,157,964	12,029,452
Current portion of long-term liabilities	25,066,944	19,326,265	5,740,679
Noncurrent portion of long-term liabilities	582,563,971	526,632,638	55,931,333
Total liabilities	650,818,331	577,116,867	73,701,464
Deferred Inflows of Resources	39,688,363	6,381,712	33,306,651
Net Position			
Net investment in capital assets	41,509,768	41,822,180	(312,412)
Restricted	125,700,695	106,275,929	19,424,766
Unrestricted deficit	(29,861,351)	(36,964,429)	7,103,078
Total net position	$ 137,349,112	$ 111,133,680	$ 26,215,432

Statement of Revenues, Expenses, and Changes in Net Position

Tuition and fees are generated by the resident, non-resident, and foreign fees paid by students attending the District, including fees such as health fees, parking fees, and other student fees. Regular enrollment fees remained at $46 per unit in 2021-2022. This rate is established by the State for all community colleges. Enrollment fees are included in the calculation of general apportionment.

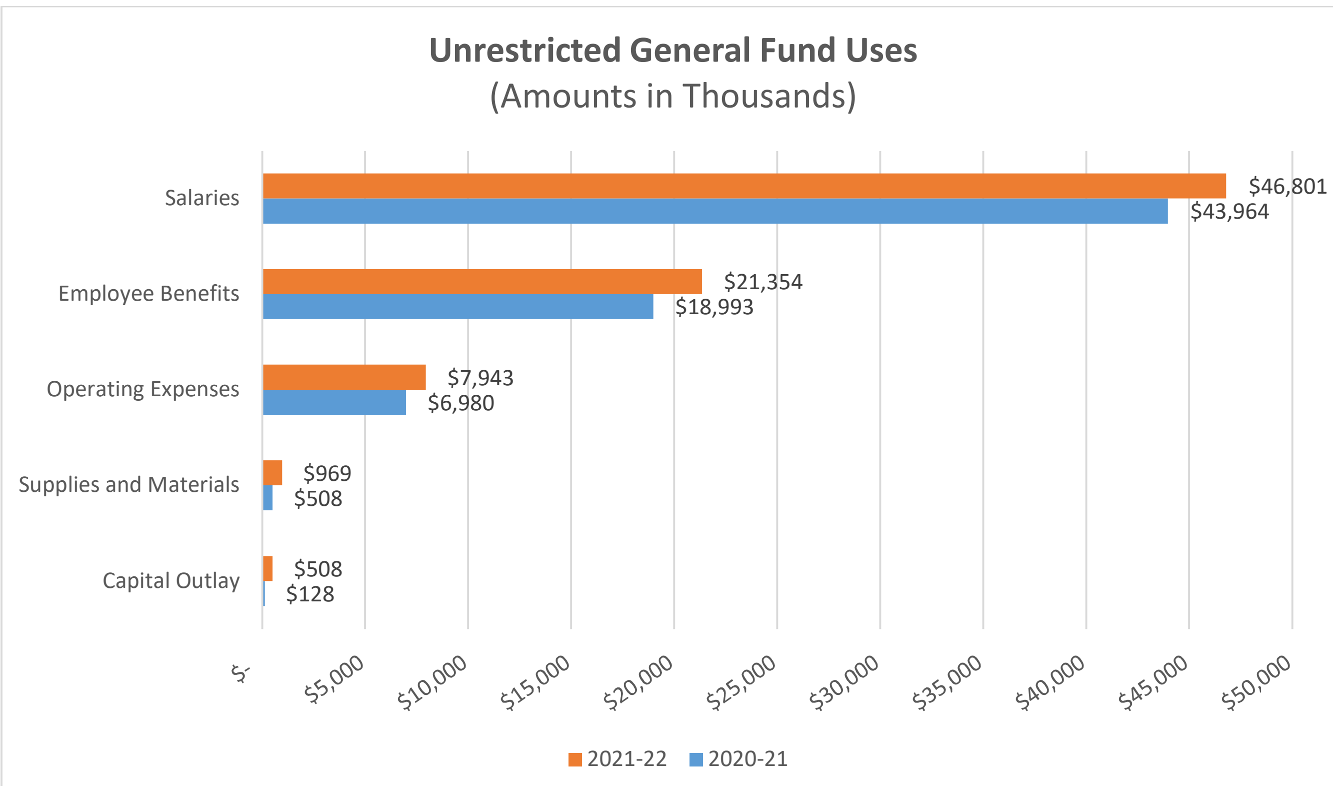
Non-capital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.

State apportionments, non-capital, consists of State apportionment and other apportionments which includes general-purpose funding. State apportionment represents total general apportionment earned less regular enrollment fees and property taxes.

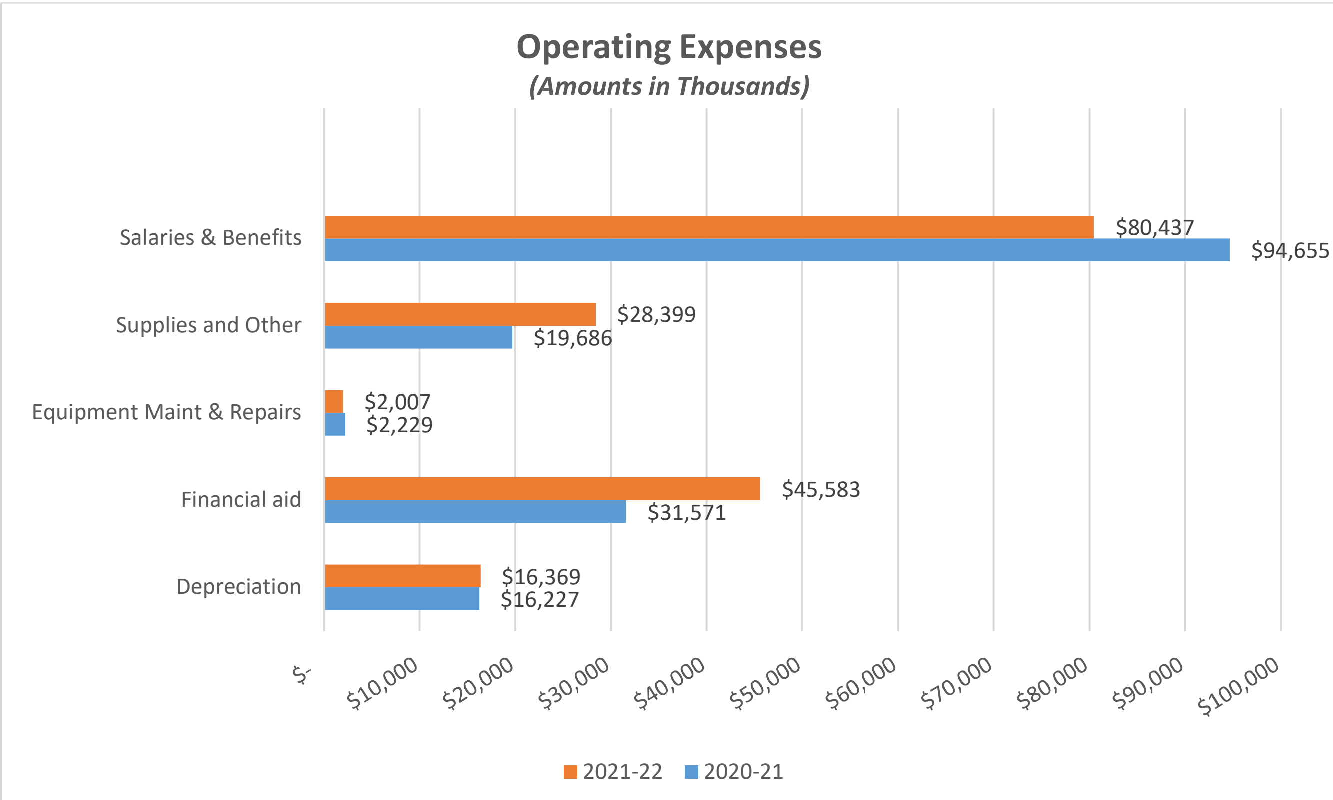
Local property taxes increased due to assessed valuations in the Coachella Valley. As noted above, decreases or increases in property tax revenue affect the District’s State apportionment revenue. The housing market has continued to strengthen throughout the Coachella Valley. Interest rates are rising, which may affect the overall housing market in the future.

State revenue in the Unrestricted General Fund consists primarily of one-time mandate reimbursements, the STRS on behalf payments, and State lottery revenue.

The following graph reflects the expenditures of the Unrestricted General Fund for the years ended June 30, 2022 and 2021, respectively.



The following graph reflects the Operating Expenses of the District for the years ended June 30, 2022 and 2021, respectively.



The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to receivables and expenses pertaining to earned, but unused, compensated balances.

Table 2

	2022	2021	Change
Operating Revenues			
Tuition and fees, net	$ 5,806,885	$ 4,691,681	$ 1,115,204
Grants and contracts, noncapital	27,022,850	27,417,371	(394,521)
Other operating revenues	-	53,631	(53,631)
Total operating revenues	32,829,735	32,162,683	667,052
Operating Expenses			
Salaries and benefits	80,436,810	94,655,370	(14,218,560)
Supplies, services, equipment, and maintenance	30,405,981	21,915,402	8,490,579
Student financial aid	45,582,849	31,571,344	14,011,505
Depreciation and amortization	16,368,941	16,226,800	142,141
Total operating expenses	172,794,581	164,368,916	8,425,665
Operating loss	(139,964,846)	(132,206,233)	(7,758,613)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	25,627,595	26,674,526	(1,046,931)
Property taxes	86,499,549	80,353,497	6,146,052
Student financial aid grants	41,638,693	27,197,451	14,441,242
State taxes and other revenues	4,322,533	6,216,715	(1,894,182)
Net interest expense	(7,900,598)	(11,381,224)	3,480,626
Other nonoperating revenues	1,317,413	2,883,417	(1,566,004)
Total nonoperating revenues (expenses)	151,505,185	131,944,382	19,560,803
Other Revenues			
State and local capital income	14,675,093	10,049,073	4,626,020
Change in net position	$ 26,215,432	$ 9,787,222	$ 16,428,210

Statement of Functional Expenses

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification for year ended June 30, 2022 are as follows:

Table 3

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 35,200,488	$ 2,839,146	$ -	$ 148,776	$ -	$ 38,188,410
Instructional administration	7,847,200	821,885	-	36,624	-	8,705,709
Instructional support services	10,988,107	6,564,857	-	61,847	-	17,614,811
Student services	11,586,358	988,190	-	11,064	-	12,585,612
Plant operations and maintenance	4,672,210	5,228,991	-	59,619	-	9,960,820
Planning, policymaking and coordinations	985,945	536,943	-	801	-	1,523,689
Instructional support services	3,210,423	581,336	-	28,735	-	3,820,494
Community services and economic development	1,349,105	1,563,405	-	183,899	-	3,096,409
Ancillary services and auxiliary operations	4,581,042	5,831,417	-	53,515	-	10,465,974
Physical property and related acquisitions	15,932	3,443,017	-	1,421,914	-	4,880,863
Student aid	-	-	45,582,849	-	-	45,582,849
Unallocated depreciation and amortization	-	-	-	-	16,368,941	16,368,941
Total	$ 80,436,810	$ 28,399,187	$ 45,582,849	$ 2,006,794	$ 16,368,941	$ 172,794,581

Statement of Cash Flows

Table 4

	2022	2021	Change
Net Cash Flows from			
Operating activities	$ (118,519,657)	$ (108,134,118)	$ (10,385,539)
Noncapital financing activities	134,982,987	106,463,080	28,519,907
Capital financing activities	128,384,914	79,291,163	49,093,751
Investing activities	(4,302,845)	6,576,752	(10,879,597)
Net Increase in Cash and Cash Equivalents	140,545,399	84,196,877	56,348,522
Cash and Cash Equivalents, Beginning of Year	203,425,737	119,228,860	84,196,877
Cash and Cash Equivalents, End of Year	$ 343,971,136	$ 203,425,737	$ 140,545,399

The primary cash receipts from operating activities consist of student fees and noncapital federal, state, and local grants and contracts. The primary cash outlays include payment of wages, supplies, student financial aid, and contracts.

The general apportionment is the primary source of non-capital financing. The two main components of general apportionment are State apportionment and property taxes. Non-operating receipts also include Federal and State grants.

The main financing activities are purchases of capital assets (land, buildings, and equipment).

Cash from investing activities is interest on investments.

CAPITAL AND RIGHT-TO-USE LEASED ASSETS

As of June 30, 2022, the District had $377,753,413 in net capital and right-to-use leased assets. Gross capital and right-to-use leased assets of $546,803,788 consist of land, buildings, construction in progress, site improvements, equipment and vehicles, and works of art. These assets have accumulated depreciation and amortization of $169,050,375. Capital asset additions of $9,621,652 occurred during 2021-2022, and depreciation and amortization expense of $16,368,941 was recorded for the year.

Capital additions were primarily funded by bond proceeds and redevelopment for improvement of facility infrastructure.

Note 7 in the financial statements provides additional information on capital and right-to-use leased assets. A summary of capital and right-to-use leased assets is presented below.

Table 5

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Capital Assets				
Land, works of art and construction in progress	$ 52,984,043	$ 5,154,087	$ (162,761)	$ 57,975,369
Buildings and improvements	460,032,015	3,107,590	-	463,139,605
Furniture and equipment	22,452,358	1,359,975	-	23,812,333
Subtotal capital assets, net	535,468,416	9,621,652	(162,761)	544,927,307
Accumulated depreciation	(151,769,366)	(16,097,422)	-	(167,866,788)
Right-to-use Leased Assets				
Buildings and improvements	1,626,590	-	-	1,626,590
Furniture and equipment	249,891	-	-	249,891
Subtotal right-to-use leased assets	1,876,481	-	-	1,876,481
Accumulated Amortization	(912,068)	(271,519)	-	(1,183,587)
Total right-to-use leased assets, net	964,413	(271,519)	-	692,894
Total capital and right-to-use leased assets, net	$ 384,663,463	$ (6,747,289)	$ (162,761)	$ 377,753,413

LONG-TERM LIABILITIES

As of June 30, 2022, the District had $543,719,000 in debt from general obligation bonds consisting of $510,745,000 of principal and $32,974,000 of premium on debt allocated over the life of the bond. The general obligation bonds were issued to fund renovation of the Palm Desert campus buildings and infrastructure, along with land acquisition for the Eastern and Western Valley satellite campuses. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds.

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

Table 6

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance June 30, 2022
General obligation bonds	$ 440,480,634	$ 297,716,048	$ (194,477,682)	$ 543,719,000
Finance purchase liability	27,629	-	(15,551)	12,078
Lease liability	1,019,202	-	(272,387)	746,815
Aggregate net OPEB liability	7,254,412	-	(1,946,431)	5,307,981
Aggregate net pension liability	91,705,658	-	(38,575,004)	53,130,654
Other liabilities	5,471,368	-	(756,981)	4,714,387
Total long-term liabilities	$ 545,958,903	$ 297,716,048	$ (236,044,036)	$ 607,630,915
Amount due within one year				$ 25,066,944

AGGREGATE NET PENSION LIABILITY

At year end, the District has an aggregate net pension liability of $53,130,654 versus $91,705,658 last year, a decrease of $38,575,004 or 42%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2021-2022 Desert Community College District budget was developed with input from the Budget Sub-committee. Revenue projections included conservative projections based on planning factors received from the Chancellor's Office and other agencies. The Budget Sub-committee continued to review and monitor changes throughout the year.

Proposition 30, The Schools and Local Public Safety Protection Act of 2012, passed in November 2012. This proposition temporarily raises the State sales and use tax by a quarter-cent for four years and the personal income taxes on those high-income earners ($250,000 for individuals and $500,000 for couples) for seven years to provide continuing funding for the local school districts and community colleges. Although the sales tax portion of this proposition has expired, the increased personal income tax will continue through 2030 due to the passage of proposition 55 in 2016. The Education Protection Account (EPA) is created in the General Fund to receive and disburse these temporary tax revenues.

Due to the prudent actions taken in 2020-2021, the District provided resources to students and staff while maintaining strong reserves in the Unrestricted General Fund. The semi-restricted retiree health insurance fund was established in 2005-2006 with funds from the General Fund toward the unfunded liabilities. The District invested approximately 50% of the balances from the semi-restricted retiree health insurance fund in an irrevocable trust in 2015-2016. Management continues to closely monitor the liabilities related to retiree benefits. The Other Postemployment Benefit Trust Fund was established to ensure the commitments toward this liability are sufficient. This irrevocable fund, together with the semi-restricted internal service fund, have enough funding to cover the current actuarial liability as identified in the June 2021 Actuarial Report.

College of the Desert has been awarded $5.8 Million in COVID-19 Recovery Block Grant funds. These funds will be used to support basic needs and mental health services for students, reengagement strategies to improve student's academics, engagement strategies with local high schools and local communities, professional development, information technology infrastructure, training in online instruction, personal protective equipment, highspeed internet service for students and faculty to continue with online environment and additional student emergency grants to the students of College of the Desert. There is no estimated deadline, but College of the Desert has a three-year spending plan to deplete the funds by FY 2024-2025.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DESERT COMMUNITY COLLEGE DISTRICT

The District's economic position is closely tied to the State of California as State apportionments and property taxes represent approximately 86% of the total revenue within the Unrestricted General Fund. While the state and national economies recover from impacts of the COVID-19 pandemic, College of the Desert continues to prudently budget to meet the educational needs of the students in the Coachella Valley. The District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by Board Policy and the State Chancellor's Office.

Capital facilities improvement expenditures continue to be possible due to the passage of General Obligation Bond Measures B and CC. These funds will accommodate the planning and construction of projects as mentioned below:

- Indio Expansion including planning and development of a new educational building adjacent to the existing facility.
- Early childhood education and daycare center adjacent to the Indio center.
- Palm Springs campus architectural, design and planning.
- Athletics facilities renovation at the Palm Desert campus.

For new construction, the Desert Community College District has focused on conservation, building 'smart' facilities with the latest energy reduction and indoor environmental quality technologies and water reduction features. The features will lead to the achievement of Leadership in Energy and Environmental Design (LEED) certificate ratings.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Fiscal Services at Desert Community College District, 43-500 Monterey Avenue, Palm Desert, California 92260.

Assets	
Cash and cash equivalents	$ 2,099,018
Investments	374,949,292
Accounts receivable	9,028,357
Student receivables	2,514,784
Prepaid expenses	130,359
Lease receivables	4,091,641
Capital and right-to-use leased assets	
Nondepreciable capital assets	57,975,369
Depreciable capital assets, net of accumulated depreciation	319,085,150
Right-to-use leased assets, net of accumulated amortization	692,894
Total capital and right-to-use leased assets, net	377,753,413
Total assets	770,566,864
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	31,955,329
Deferred outflows of resources related to OPEB	2,951,695
Deferred outflows of resources related to pensions	22,381,918
Total deferred outflows of resources	57,288,942
Liabilities	
Accounts payable	27,709,517
Accrued interest payable	6,982,039
Unearned revenue	8,495,860
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	25,066,944
Long-term liabilities other than OPEB and pensions, due in more than one year	524,125,336
Aggregate net other postemployment benefits (OPEB) liability	5,307,981
Aggregate net pension liability	53,130,654
Total liabilities	650,818,331
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	4,049,647
Deferred inflows of resources related to OPEB	2,593,840
Deferred inflows of resources related to pensions	33,044,876
Total deferred inflows of resources	39,688,363
Net Position	
Net investment in capital assets	41,509,768
Restricted for	
Debt service	66,763,020
Capital projects	52,967,900
Educational programs	4,190,603
Other activities	1,779,172
Unrestricted deficit	(29,861,351)
Total net position	$ 137,349,112

Operating Revenues	
Tuition and fees	$ 11,819,486
Less: Scholarship discounts and allowances	(6,012,601)
Net tuition and fees	5,806,885
Grants and contracts, noncapital	
Federal	10,057,749
State	16,735,553
Local	229,548
Total grants and contracts, noncapital	27,022,850
Total operating revenues	32,829,735
Operating Expenses	
Salaries	59,446,746
Employee benefits	20,990,064
Supplies, materials, and other operating expenses and services	28,399,187
Student financial aid	45,582,849
Equipment, maintenance, and repairs	2,006,794
Depreciation and amortization	16,368,941
Total operating expenses	172,794,581
Operating Loss	(139,964,846)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	25,627,595
Local property taxes, levied for general purposes	48,014,153
Taxes levied for other specific purposes	38,485,396
Federal and State financial aid grants	41,638,693
State taxes and other revenues	4,322,533
Investment loss, net	(3,836,683)
Interest expense on capital related debt	(2,775,903)
Investment loss on capital asset-related debt, net	(1,288,012)
Other nonoperating revenue	1,317,413
Total nonoperating revenues (expenses)	151,505,185
Income Before Other Revenues	11,540,339
Other Revenues	
State revenues, capital	4,738,128
Local revenues, capital	9,936,965
Total other revenues	14,675,093
Change In Net Position	26,215,432
Net Position, Beginning of Year, as restated	111,133,680
Net Position, End of Year	$ 137,349,112

Cash Flows from Operating Activities	
Tuition and fees	$ 5,100,502
Federal, state, and local grants and contracts, noncapital	30,397,807
Payments to or on behalf of employees	(83,498,455)
Payments to vendors for supplies and services	(24,936,662)
Payments to students for scholarships and grants	(45,582,849)
Net cash flows from operating activities	(118,519,657)
Cash Flows from Noncapital Financing Activities	
State apportionments	34,193,736
Federal and state financial aid grants	44,025,162
Property taxes - nondebt related	46,814,598
State taxes and other apportionments	3,246,690
Other nonoperating	6,702,801
Net cash flows from noncapital financing activities	134,982,987
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(8,157,564)
State revenue, capital	4,738,128
Property taxes - related to capital debt	48,422,361
Proceeds from sale of capital debt	297,716,048
Principal paid on capital debt	(172,012,938)
Interest paid on capital debt	(42,466,093)
Interest received on capital asset-related debt	144,972
Net cash flows from capital financing activities	128,384,914
Cash Flows from Investing Activities	
Purchase of investments	(57,826)
Change in fair value of cash in county treasury	(6,423,723)
Interest received from investments	2,178,704
Net cash flows from investing activities	(4,302,845)
Change In Cash and Cash Equivalents	140,545,399
Cash and Cash Equivalents, Beginning of Year	203,425,737
Cash and Cash Equivalents, End of Year	$ 343,971,136

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (139,964,846)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	16,368,941
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	2,766,008
Lease receviable	54,282
Prepaid expenses	165,426
Deferred outflows of resources related to OPEB	(39,649)
Deferred outflows of resources related to pensions	4,766,830
Accounts payable	5,390,556
Unearned revenue	(55,440)
Compensated absences	(87,730)
Load banking	(7,986)
Early retirement incentive	(661,265)
Aggregate net OPEB liability	(1,946,431)
Aggregate net pension liability	(38,575,004)
Deferred inflows of resources related to leases	(96,276)
Deferred inflows of resources related to OPEB	2,500,357
Deferred inflows of resources related to pensions	30,902,570
Total adjustments	21,445,189
Net cash flows from operating activities	$ (118,519,657)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 2,099,018
Cash in county treasury	341,872,118
Total cash and cash equivalents	$ 343,971,136
Noncash Transactions	
Recognition of deferred outflows of resources related to debt refunding	$ 26,081,974
Amortization of deferred outflows of resources related to debt refunding	$ 3,071,893
Removal of balances of deferred outflows of reources related to refunded debt	$ 7,605,812
Amortization of debt premiums	$ 22,752,682

	Retiree OPEB Trust
Assets	
Investments	$ 4,408,810
Net Position	
Restricted for postemployment benefits other than pensions	$ 4,408,444
Unrestricted	366
Total net position	$ 4,408,810

	Retiree OPEB Trust
Additions	
District contributions	$ 520,909
Interest and investment income, net of fees	244,743
Net realized and unrealized losses	(713,629)
Total additions	52,023
Deductions	
Employee benefits	520,909
Change in Net Position	(468,886)
Net Position - Beginning of Year	4,877,696
Net Position - End of Year	$ 4,408,810

Note 1 - Organization

Desert Community College District (the District) was established in 1958 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 is a single college with four offsite locations located within Riverside County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

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 has identified no component units.

Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community

Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. The District does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

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

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years. Works of art are considered inexhaustible and are not depreciated.

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, 2022.

Compensated Absences and Load Banking

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

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Leases

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

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, finance purchase liability, lease liability, compensated absences, load banking, early retirement incentive, aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $125,700,695 of restricted net position, and the fiduciary funds financial statements report $4,408,444 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

- **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 Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when available.

The voters of the District passed General Obligation Bonds in March 2004 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 scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

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

Interfund Activity

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

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds have 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard is included in Notes 6, 7 and 8.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the California Community Colleges' *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

Investment of debt proceeds are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code* or the District's investment policy. 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, 2022, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 2,084,018	$ -
Cash in revolving	15,000	-
Investments	374,949,292	4,408,810
Total deposits and investments	$ 377,048,310	$ 4,408,810

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 primarily investing in the Riverside County Investment Pool, mutual funds, certificates of deposits, money market funds, and municipal bonds.

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.

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 Years	Credit Rating
Money market funds	$ 51,240	No maturity	Not rated
Mutual funds	4,408,444	No maturity	Not rated
Certificates of deposit	60,934	0.82	Not rated
Riverside County investment pool	341,872,484	1.19	Aaa-bf
Municipal bonds	32,965,000	14.34	VMIG 1
Total	$ 379,358,102		

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, 2022, the District's bank balance of approximately $1.6 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

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, 2022, the District's investment balance of approximately $36.4 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, 2022:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs
Mutual funds	$ 4,408,444	$ 4,408,444
Certificates of deposit	60,934	60,934
Municipal bonds	32,965,000	32,965,000
Total	$ 37,434,378	$ 37,434,378

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, 2022, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 5,004,196
State Government	
Categorical aid	678,340
Lottery	659,960
Other state sources	415,883
Local Sources	
Property taxes	1,199,555
District foundation	341,754
Interest	502,420
Other local sources	226,249
Total	$ 9,028,357
Student receivables	$ 2,514,784

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Buchanan Street	$ 181,165	$ -	$ (29,491)	$ 151,674
McCallum Theater	2,847,961	-	(36,082)	2,811,879
American Tower	1,116,797	11,291	-	1,128,088
Total	$ 4,145,923	$ 11,291	$ (65,573)	$ 4,091,641

Buchanan Street

On July 21, 2016 the District entered into a grounds lease of a property owned by the District to an outside party. This lease is non-cancellable by either party until July 21, 2024. The lease has an option to renew for an additional two years until July 21, 2026, which the District is reasonably certain the lessee will exercise. Base rates and increases for the current and future terms of the leases were established based upon the 2nd amendment to the original lease on July 21, 2019. Beginning July 21, 2021, rent increased to $750 per acre, for a total annual rent of $35,880. For the remaining duration of the lease after July 21, 2026 these rental terms shall remain in force until such time as both the lessor and lessee mutually agree to any additional amendments. During the fiscal year, the District recognized $29,491 in lease revenue and $6,389 in interest revenue related to these agreements. At June 30, 2022, the District recorded $151,674 in lease receivables and $155,268 in deferred inflows of resources for these arrangements. The District used an interest rate of 4.00% based on the most recent rate available to finance real estate.

McCallum Theater

On November 1, 2020 the District entered into a grounds lease of a property owned by the District to an outside party. The lease is noncancellable for 66 years. The original agreement for the 66-year lease is $5,550,000, whereas rents due for the first 37 years is set at $150,000, and $1 for the remaining 29 years. During the fiscal year, the District recognized $36,082 in lease revenue and $113,918 in interest revenue related to these agreements. At June 30, 2022, the District recorded $2,811,879 in lease receivables and $2,805,013 in deferred inflows of resources for these arrangements. The District used an interest rate of 4.00% based on the most recent rate available to finance real estate.

American Tower

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are noncancelable for a period of five years, with six renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $(11,291) in lease revenue and $44,672 in interest revenue related to these agreements. At June 30, 2022, the District recorded $1,128,088 in lease receivables and $1,089,366 in deferred inflows of resources for these arrangements. The District used an interest rate of 4.00% based on the rates available to finance real estate.

Note 7 - Capital and Right-to-Use Leased Assets

Capital and right-to-use leased asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 40,087,162	$ -	$ -	$ 40,087,162
Works of art	524,000	-	-	524,000
Construction in progress	12,372,881	5,154,087	(162,761)	17,364,207
Total capital assets not being depreciated	52,984,043	5,154,087	(162,761)	57,975,369
Capital Assets Being Depreciated				
Land improvements	143,923,014	1,068,759	-	144,991,773
Buildings and improvements	316,109,001	2,038,831	-	318,147,832
Furniture and equipment	22,452,358	1,359,975	-	23,812,333
Total capital assets being depreciated	482,484,373	4,467,565	-	486,951,938
Total capital assets	535,468,416	9,621,652	(162,761)	544,927,307
Less Accumulated Depreciation				
Land improvements	(55,628,899)	(6,840,600)	-	(62,469,499)
Buildings and improvements	(82,217,232)	(7,750,374)	-	(89,967,606)
Furniture and equipment	(13,923,235)	(1,506,448)	-	(15,429,683)
Total accumulated depreciation	(151,769,366)	(16,097,422)	-	(167,866,788)
Net capital assets	383,699,050	(6,475,770)	(162,761)	377,060,519
Right-to-use Leased Assets Being Amortized				
Buildings and improvements	1,626,590	-	-	1,626,590
Furniture and equipment	249,891	-	-	249,891
Total right-to-use leased assets being amortized	1,876,481	-	-	1,876,481
Less Accumulated Amortization				
Buildings and improvements	(760,799)	(219,173)	-	(979,972)
Furniture and equipment	(151,269)	(52,346)	-	(203,615)
Total accumulated amortization	(912,068)	(271,519)	-	(1,183,587)
Net right-to-use leased assets	964,413	(271,519)	-	692,894
Total capital and right-to-use leased assets, net	$ 384,663,463	$ (6,747,289)	$ (162,761)	$ 377,753,413

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, 2022 consisted of the following:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 392,435,000	$ 290,035,000	$ (171,725,000)	$ 510,745,000	$ 24,130,000
Bond premium	48,045,634	7,681,048	(22,752,682)	32,974,000	-
Finance purchase liability	27,629	-	(15,551)	12,078	12,078
Lease liability	1,019,202	-	(272,387)	746,815	263,601
Compensated absences	1,883,555	-	(87,730)	1,795,825	-
Load banking	527,539	-	(7,986)	519,553	-
Early retirement incentive	3,060,274	-	(661,265)	2,399,009	661,265
Total	$ 446,998,833	$ 297,716,048	$ (195,522,601)	$ 549,192,280	$ 25,066,944

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The finance purchase and lease liability will be paid for by the General Fund and Capital Outlay Fund. The compensated absences and load banking liability will be paid by the fund for which the employee worked. The early retirement incentive liability is paid by the General Fund.

General Obligation Bonds

In April 2015, the District issued 2015 General Obligation Refunding Bonds. These bonds were issued in the amount of $38,690,000. A portion of the bond proceeds was deposited into the District’s Bond Fund to be used for the District’s project list. The rest of the proceeds were deposited into an escrow account to: (1) advance refund and defease portions of the District’s outstanding bond obligations, (2) pay the debt service on the Refunded Bonds, including principal, and (3) pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds have a final maturity to occur on August 1, 2024, with interest rates from 2.00% to 5.00%. At June 30, 2022, the principal balance outstanding was $16,635,000.

In February 2016, the District issued 2016 General Obligation Refunding Bonds. These bonds were issued in the amount of $158,130,000. A portion of the bond proceeds was deposited into the District’s Bond Fund to be used for the District’s project list. The rest of the proceeds were deposited into an escrow account to: (1) advance refund and defease portions of the District’s outstanding bond obligations, (2) pay the debt service on the Refunded Bonds, including principal, and (3) pay all legal, financial, and contingent costs in connection with the issuance of the bonds. A portion of these bonds was refunded by the issuance of the District’s 2021 General Obligation Refunding Bonds. Interest rates on the remaining bonds is 5.00% payable semiannually on August 1 and February 1. The remaining bonds mature through August 1, 2025. At June 30, 2022, the principal balance outstanding was $4,305,000.

In April 2017, the District issued the 2017 General Obligation Refunding Bonds in the amount of $125,305,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The net proceeds from the issuance were used to advance refund, on a crossover basis, the outstanding balance of the District's 2007 General Obligation Bonds, Series C, and pay the costs associated with the issuance of the bonds. The bonds have a final maturity to occur on August 1, 2039, with interest rates from 2.00% to 5.00%. At June 30, 2022, the principal balance outstanding was $121,990,000.

On November 8, 2016, $577,866,000 in general obligation bonds were authorized by an election held within the District under Proposition 39/Measure CC. These bonds are issued in multiple series as general obligations of the District.

In August 2020, Series 2020 General Obligation Bonds in the amount of $60,000,000 were sold. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing, and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2042, with interest rates from 0.217% to 4.00%. At June 30, 2022, the principal balance outstanding was $45,700,000.

In August 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $32,930,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The net proceeds from the issuance were used to advance refund the outstanding balance of the District's Series 2018 General Obligation Bonds and pay the costs associated with the issuance of the bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The bonds have a final maturity to occur on August 1, 2040, with interest rates from 0.265% to 2.457%. At June 30, 2022, the principal balance outstanding was $32,080,000.

In November 2021, Series 2021 A-1 and 2021 A-2 General Obligation Bonds in the amount of $85,000,000 and $25,000,000, respectively, were sold. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing, and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2051 and August 1, 2037, respectively, with interest rates from 2.31% to 4.00%. At June 30, 2022, the principal balance outstanding was $85,000,000 and $25,000,000, respectively.

In November 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of $180,035,000. Proceeds from the sale of the bonds were used to advance refund a portion of the District's 2016 General Obligation Refunding Bonds and to pay costs of issuing the bonds. Interest is payable February 1 and August 1 with interest rates ranging from 0.450% to 2.98%. The bonds mature through August 1, 2037. The refunding resulted in an economic gain of $13,007,650 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.62%. At June 30, 2022, the principal balance outstanding was $180,035,000.

Debt Maturity

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
4/2015	8/1/2025	2.00%-5.00%	$ 38,690,000	$ 21,165,000	$ -	$ (4,530,000)	$ 16,635,000
2/2016	8/1/2026	5.00%	158,130,000	157,365,000	-	(153,060,000)	4,305,000
4/2017	8/1/2039	2.00%-5.00%	125,305,000	123,475,000	-	(1,485,000)	121,990,000
8/2020	8/1/2042	0.22%-4.00%	60,000,000	57,500,000	-	(11,800,000)	45,700,000
8/2020	8/1/2040	0.27%-2.46%	32,930,000	32,930,000	-	(850,000)	32,080,000
11/2021	8/1/2051	2.50%-4.00%	85,000,000	-	85,000,000	-	85,000,000
11/2021	8/1/2037	2.31%-3.00%	25,000,000	-	25,000,000	-	25,000,000
11/2021	8/1/2037	0.45%-2.98%	180,035,000	-	180,035,000	-	180,035,000
				$ 392,435,000	$ 290,035,000	$ (171,725,000)	$ 510,745,000

General Obligation Bond - 2015 Refunding

The bonds mature through 2025 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 5,015,000	$ 706,375	$ 5,721,375
2024	5,530,000	442,750	5,972,750
2025	6,090,000	152,250	6,242,250
Total	$ 16,635,000	$ 1,301,375	$ 17,936,375

General Obligation Bond - 2016 Refunding

The bonds mature through 2026 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ -	$ 215,250	$ 215,250
2024	-	215,250	215,250
2025	-	215,250	215,250
2026	4,305,000	107,625	4,412,625
Total	$ 4,305,000	$ 753,375	$ 5,058,375

General Obligation Bond - 2017 Refunding

The bonds mature through 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 2,000,000	$ 5,562,600	$ 7,562,600
2024	2,500,000	5,450,100	7,950,100
2025	3,000,000	5,312,600	8,312,600
2026	5,200,000	5,107,600	10,307,600
2027	5,800,000	4,832,600	10,632,600
2028-2032	38,800,000	18,933,000	57,733,000
2033-2037	16,000,000	10,938,000	26,938,000
2038-2040	48,690,000	3,929,200	52,619,200
Total	$ 121,990,000	$ 60,065,700	$ 182,055,700

General Obligation Bond – 2020 Series

The bonds mature through 2043 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 5,000,000	$ 1,343,331	$ 6,343,331
2024	-	1,243,331	1,243,331
2025	-	1,243,331	1,243,331
2026	-	1,243,331	1,243,331
2027	950,000	1,224,331	2,174,331
2028-2032	7,140,000	5,382,256	12,522,256
2033-2037	12,690,000	3,432,656	16,122,656
2038-2042	16,040,000	1,299,409	17,339,409
2043	3,880,000	41,224	3,921,224
Total	$ 45,700,000	$ 16,453,200	$ 62,153,200

General Obligation Bond – 2020 Refunding

The bonds mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 790,000	$ 598,058	$ 1,388,058
2024	795,000	594,874	1,389,874
2025	795,000	590,601	1,385,601
2026	970,000	584,429	1,554,429
2027	1,055,000	575,492	1,630,492
2028-2032	6,810,000	2,636,416	9,446,416
2033-2037	9,740,000	1,921,692	11,661,692
2038-2041	11,125,000	581,633	11,706,633
Total	$ 32,080,000	$ 8,083,195	$ 40,163,195

General Obligation Bond – 2021 Series A-1

The bonds mature through 2052 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 6,500,000	$ 2,904,725	$ 9,404,725
2024	10,000,000	2,607,225	12,607,225
2025	-	2,407,225	2,407,225
2026	-	2,407,225	2,407,225
2027	-	2,407,225	2,407,225
2028-2032	-	12,036,125	12,036,125
2033-2037	3,370,000	11,766,725	15,136,725
2038-2042	10,055,000	10,506,025	20,561,025
2043-2047	22,185,000	8,079,685	30,264,685
2048-2052	32,890,000	3,491,000	36,381,000
Total	$ 85,000,000	$ 58,613,185	$ 143,613,185

General Obligation Bond – 2021 Series A-2

The bonds mature through 2038 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ -	$ 704,324	$ 704,324
2024	-	704,324	704,324
2025	1,275,000	685,199	1,960,199
2026	1,210,000	647,924	1,857,924
2027	1,185,000	611,999	1,796,999
2028-2032	7,610,000	2,431,400	10,041,400
2033-2037	10,925,000	1,220,575	12,145,575
2038	2,795,000	41,618	2,836,618
Total	$ 25,000,000	$ 7,047,363	$ 32,047,363

General Obligation Bond – 2021 Refunding

The bonds mature through 2038 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 4,825,000	$ 4,337,133	$ 9,162,133
2024	2,800,000	4,317,737	7,117,737
2025	2,815,000	4,294,601	7,109,601
2026	2,845,000	4,260,773	7,105,773
2027	7,325,000	4,184,699	11,509,699
2028-2032	42,510,000	18,588,425	61,098,425
2033-2037	91,560,000	10,896,768	102,456,768
2038	25,355,000	377,536	25,732,536
Total	$ 180,035,000	$ 51,257,672	$ 231,292,672

Finance Purchase Liability

The District has entered into an agreement to finance the purchase of a copier. The total amount financed for the purchase was $79,138. The balance outstanding as of June 30, 2022 is $12,078 in principal and $202 in interest, payable by June 30, 2023.

Lease Liability

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

Leases	Balance July 1, 2021, as restated	Additions	Deductions	Balance June 30, 2022
Radio Station Building	$ 111,602	$ -	$ (50,310)	$ 61,292
Copier leases	98,622	-	(54,652)	43,970
Temporary Campus Site	808,978	-	(167,425)	641,553
Total	$ 1,019,202	$ -	$ (272,387)	$ 746,815

Radio Station Building

The District entered an agreement to lease a building for 60 months, beginning September 2018. The lease terminates September 2023, with an optional two-month extension, until November 2023. Under the terms of the lease, the District pays an annual base fee of $50,310, increasing 4.00% annually on the anniversary of the agreement. The District has an option to terminate the lease after the 60th month, however, the District believes it will exercise with the two-month extension.

At June 30, 2022, the District has recognized a right-to-use leased asset of $60,026 and a lease liability of $61,292 related to this agreement. During the fiscal year, the District recorded $51,575 in amortization expense and $1,499 in interest expense for the right to use the building. The District used a discount rate of 4% based on the estimated incremental borrowing rate for financing over a similar time period.

Copier Leases

The District entered an agreement to lease various copiers for five years, with start dates of December 1, 2017, May 30, 2018, January 1, 2020, and March 1, 2020. Under the terms of the lease, the District paid the monthly payments of $4,745, which amounted to total principal and interest costs of $56,940. The annual interest rate charged on the lease is 4.00%.

At June 30, 2022, the District has recognized a right-to-use leased asset of $46,276 and a lease liability of $43,970 related to this agreement. During the fiscal year, the District recorded $52,346 in amortization expense and $2,288 in interest expense for the right to use of the copiers.

Temporary Campus Site

The District entered an agreement to lease temporary campus space in Palm Springs for 61 months, beginning November 2017. The lease terminates December 31, 2025. Under the terms of the lease, the District pays a monthly base fee of $16,395, increasing annually based on Consumer Price Index (CPI) rates. The District has an option to terminate the lease after December 31, 2025, which the District believes it will exercise with reasonable certainty.

At June 30, 2022, the District has recognized a right-to-use leased asset of $586,592 and a lease liability of $641,553 related to this agreement. During the fiscal year, the District recorded $167,598 in amortization expense and $22,491 in interest expense for the right to use the campus space. The District used a discount rate of 4.00% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 263,601	$ 24,556	$ 288,157
2024	197,250	15,449	212,699
2025	188,733	8,003	196,736
2026	97,231	1,137	98,368
Total	$ 746,815	$ 49,145	$ 795,960

Early Retirement Incentive

In September 2020, the District entered into a Supplementary Retirement Plan (SRP) to provide certain benefits to employees participating in the early retirement incentive program. The District will pay $3,060,274 on behalf of 44 retirees through 2026 in accordance with the following schedule:

Fiscal Year	
2023	$ 661,265
2024	661,265
2025	661,265
2026	415,214
Total	$ 2,399,009

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

For the fiscal year ended June 30, 2022, 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	$ 4,995,274	$ 2,951,695	$ 2,593,840	$ 573,115
Medicare Premium Payment (MPP) Program	312,707	-	-	(58,838)
Total	$ 5,307,981	$ 2,951,695	$ 2,593,840	$ 514,277

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 Self-Insured Schools of California (SISC).

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	31
Active employees	338
Total	369

Retiree Health Benefit OPEB Trust

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

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the College of the Desert Faculty Association (CODFA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, CODFA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2021, the District contributed $499,991 to the Plan all of which was used for current premiums.

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, 2021:

Asset Class	Target Allocation
Equity Investments	60%
Fixed Income	40%

Rate of Return

For the year ended June 30, 2021, the annual money-weighed rate of return on investments, net of investment expense, was 28.99%. 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 $4,995,274 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability	$ 9,872,598
Plan fiduciary net position	(4,877,324)
Net OPEB liability	$ 4,995,274
Plan fiduciary net position as a percentage of the total OPEB liability	49.40%

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.50%
Healthcare cost trend rate	4.00%

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

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, 2021, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity Investments	7.25%
Fixed Income	4.75%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. 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, 2020	$ 10,664,062	$ 3,781,195	$ 6,882,867
Service cost	1,068,878	-	1,068,878
Interest	382,535	1,100,341	(717,806)
Difference between expected and actual experience	377,396	-	377,396
Contributions - employer	-	499,991	(499,991)
Changes of assumptions	(2,120,282)	-	(2,120,282)
Benefit payments	(499,991)	(499,991)	-
Administrative expense	-	(4,212)	4,212
Net change in total OPEB liability	(791,464)	1,096,129	(1,887,593)
Balance, June 30, 2021	$ 9,872,598	$ 4,877,324	$ 4,995,274

Changes in assumptions and other inputs reflects a change in the discount rate from 3.50% to 5.50% and a change in the inflation rate from 2.75% to 2.50% since the previous valuation. There were no changes in the benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.50%)	$ 5,765,983
Current discount rate (5.50%)	4,995,274
1% increase (6.50%)	4,288,931

Sensitivity of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rate that is one percent lower or higher than the current health care cost trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 3,969,078
Current healthcare cost trend rate (4.00%)	4,995,274
1% increase (5.00%)	6,209,321

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2022, 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	$ 520,909	$ -
Differences between expected and actual experience	800,424	86,063
Changes of assumptions	1,630,362	1,952,005
Net difference between projected and actual earnings on OPEB plan investments	-	555,772
Total	$ 2,951,695	$ 2,593,840

The deferred outflows of resources related to OPEB resulting from the District's benefit payments 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
2023	$ (149,543)
2024	(125,298)
2025	(113,770)
2026	(167,161)
Total	$ (555,772)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 52,481
2024	52,481
2025	52,481
2026	52,481
2027	52,481
Thereafter	130,313
Total	$ 392,718

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, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $312,707 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0784 % and 0.0877%, respectively, resulting in a net decrease in the proportionate share of 0.0093%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(58,838).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 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 OPEB Liability
1% decrease (1.16%)	$ 344,689
Current discount rate (2.16%)	312,707
1% increase (3.16%)	285,382

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 284,371
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	312,707
1% increase (5.50% Part A and 6.40% Part B)	345,194

Note 10 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft, damage, and destruction of assets; errors and omissions; and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District uses Schools Association for Excess Risk (SAFER) for excess property limits of $250,000,000 per occurrence, with no aggregate and a $5,000 member retained limit. Then, their excess liability has the first $1,000,000 worth of coverage through the Statewide Association of Community Colleges (SWACC) and $24,000,000 excess coverage of $1,000,000 is in SAFER with a $10,000 Member Retained Limit.

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2022, the District contracted with SWACC Joint Powers Authority (JPA) 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 2021-2022, the District participated in the Protected Insurance Programs for Schools (PIPS) JPA, an insurance purchasing pool, as a member of the Riverside Schools Risk Management Authority (RSRMA) JPA. 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.

Insurance Program / Company Name	Type of Coverage	Limits
Protected Insurance Program for Schools (PIPS)	Workers' Compensation	$ 150,000,000
Schools Association for Excess Risk (SAFER)	Excess Liability	$ 24,000,000
Statewide Association of Community Colleges (SWACC)	Property and Liability	$ 244,750,000

Employee Medical Benefits

The District has contracted with Self Insured Schools of California (SISC) to provide employee medical benefits through Blue Shield. The District provides health and welfare benefits to all full-time and permanent part-time employees that work more than 30 hours a week. The District's contract requires 100% participation in the District's medical and dental plans.

Medical - The employee has a choice of four plans with Blue Shield. The employee may elect to change plans once per year during open enrollment. Normally, such election shall be effective October 1 of each year.

Dental - The employee has a choice of Delta Dental or Anthem Dental Net insurance coverage and is provided by the District. All employees shall participate in the program.

Life Insurance - The District provides a $50,000 group term life insurance policy by Anthem Life. All employees participate in this life insurance program.

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, 2022, 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	$ 23,735,323	$ 14,940,390	$ 21,694,526	$ 2,559,811
CalPERS	29,395,331	7,441,528	11,350,350	4,584,664
Total	$ 53,130,654	$ 22,381,918	$ 33,044,876	$ 7,144,475

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, 2020, 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, 2022, 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	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor 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, 2022, are presented above, and the District's total contributions were $5,161,600.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The 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	$ 23,735,323
State's proportionate share of the net pension liability associated with the District	11,942,694
Total	$ 35,678,017

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0522% and 0.0503%, respectively, resulting in a net increase in the proportionate share of 0.0019%.

For the year ended June 30, 2022, the District recognized pension expense of $2,559,811. In addition, the District recognized pension expense and revenue of $408,605 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,161,600	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,356,289	393,341
Differences between projected and actual earnings on pension plan investments	-	18,775,252
Differences between expected and actual experience in the measurement of the total pension liability	59,458	2,525,933
Changes of assumptions	3,363,043	-
Total	$ 14,940,390	$ 21,694,526

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
2023	$ (4,767,788)
2024	(4,360,969)
2025	(4,469,194)
2026	(5,177,301)
Total	$ (18,775,252)

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
2023	$ 2,563,011
2024	2,396,456
2025	1,073,550
2026	537,239
2027	373,604
Thereafter	(84,344)
Total	$ 6,859,516

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 48,316,622
Current discount rate (7.10%)	23,735,323
1% increase (8.10%)	3,333,314

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above, and the total District contributions were $4,888,479.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $29,395,331. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.1446% and 0.1400%, respectively, resulting in a net increase in the proportionate share of 0.0046%.

For the year ended June 30, 2022, the District recognized pension expense of $4,584,664. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,888,479	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,675,523	-
Differences between projected and actual earnings on pension plan investments	-	11,281,053
Differences between expected and actual experience in the measurement of the total pension liability	877,526	69,297
Total	$ 7,441,528	$ 11,350,350

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (2,829,278)
2024	(2,601,775)
2025	(2,712,520)
2026	(3,137,480)
Total	$ (11,281,053)

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
2023	$ 1,507,246
2024	625,323
2025	321,338
2026	29,845
Total	$ 2,483,752

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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 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 is one percent lower or higher than the current rate:

Discount Rate	Liability
1% decrease (6.15%)	$ 49,564,655
Current discount rate (7.15%)	29,395,331
1% increase (8.15%)	12,650,464

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 the Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.20% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the pension plan.

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, 2022, which amounted to $3,353,643 (10.828%) 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. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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

The District is a member of the SWACC, SAFER public entity risk pools, the Riverside County Superintendent of Schools' Self-Insurance Program for Employees (SIPE) and Riverside Schools Risk Management Authority (RSRMA) Joint Powers Authority JPAs. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and JPAs are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, fund transactions between the JPAs 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.

The District has appointed one Board member to the Governing Boards of RSRMA, SIPE, and SWACC.

Note 13 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

There is one pending civil suit against the District as of June 30, 2022, which went to bench trial in October 2022. The Court issued its Statement of Decision on October 27, 2022, in favor of the Plaintiff in the amount of $2,058,868. This liability has been recognized in the District's Statement of Net Position as of June 30, 2022.

Construction Commitments

As of June 30, 2022, the District had approximately $147.7 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and redevelopment agency funds.

Note 14 - Adoption of New Standard

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of the adoption of the new standard, beginning net position, certain assets, liabilities, and deferred inflows of resources were restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Primary Government	
Net Position - Beginning	$ 111,216,098
Lease receivables	4,145,923
Right-to-use leased assets, net of amortization	964,413
Lease liability	(1,019,202)
Finance purchase liability	(27,629)
Deferred inflows of resources related to leases	(4,145,923)
Net Position - Beginning, as Restated	$ 111,133,680

Required Supplementary Information
June 30, 2022

Desert Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,068,878	$ 872,696	$ 746,792	$ 512,430	$ 457,066
Interest	382,535	422,642	371,250	297,247	410,083
Difference between expected and actual experience	377,396	(100,903)	-	-	-
Changes of assumptions	(2,120,282)	905,359	661,243	1,147,476	-
Benefit payments	(499,991)	(475,427)	(530,189)	(469,494)	(401,715)
Net change in total OPEB liability	(791,464)	1,624,367	1,249,096	1,487,659	465,434
Total OPEB Liability - Beginning	10,664,062	9,039,695	7,790,599	6,302,940	5,837,506
Total OPEB Liability - Ending (a)	$ 9,872,598	$ 10,664,062	$ 9,039,695	$ 7,790,599	$ 6,302,940
Plan Fiduciary Net Position					
Contributions - employer	$ 499,991	$ 475,427	$ 530,189	$ 469,494	$ 401,715
Investment income	1,100,341	264,954	225,134	275,919	351,417
Differences between projected and actual earnings on OPEB plan investments	-	(266,959)	-	-	-
Benefit payments	(499,991)	(475,427)	(530,189)	(469,494)	(401,715)
Administrative expense	(4,212)	(3,716)	(3,535)	(3,431)	(3,060)
Net change in plan fiduciary net position	1,096,129	(5,721)	221,599	272,488	348,357
Plan Fiduciary Net Position - Beginning	3,781,195	3,786,916	3,565,317	3,292,829	2,944,472
Plan Fiduciary Net Position - Ending (b)	$ 4,877,324	$ 3,781,195	$ 3,786,916	$ 3,565,317	$ 3,292,829
Net OPEB Liability - Ending (a) - (b)	$ 4,995,274	$ 6,882,867	$ 5,252,779	$ 4,225,282	$ 3,010,111
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.40%	35.46%	41.89%	45.76%	52.24%
Covered Payroll	$ 51,144,487	$ 49,542,066	$ 46,025,056	$ 42,605,101	$ 36,665,857
Net OPEB Liability as a Percentage of Covered Payroll	9.77%	13.89%	11.41%	9.92%	8.21%
Measurement Date	June 30, 2021	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.

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	28.99%	-0.15%	6.22%	8.38%	11.83%
Measurement Date	June 30, 2021	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,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0784%	0.0877%	0.0826%	0.0800%	0.0720%
Proportionate share of the net OPEB liability	$ 312,707	$ 371,545	$ 307,504	$ 306,260	$ 302,878
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0522%	0.0503%	0.0467%	0.0446%	0.0398%	0.0416%	0.0391%	0.0408%
Proportionate share of the net pension liability	$ 23,735,323	$ 48,760,510	$ 42,157,879	$ 40,969,672	$ 36,775,058	$ 33,619,691	$ 26,354,396	$ 23,870,639
State's proportionate share of the net pension liability associated with the District	11,942,694	25,136,049	22,999,937	23,457,054	21,755,813	19,139,091	13,938,570	14,414,123
Total	$ 35,678,017	$ 73,896,559	$ 65,157,816	$ 64,426,726	$ 58,530,871	$ 52,758,782	$ 40,292,966	$ 38,284,762
Covered payroll	$ 30,358,260	$ 29,330,322	$ 27,430,676	$ 25,939,619	$ 22,694,428	$ 20,052,406	$ 18,820,721	$ 18,194,036
Proportionate share of the net pension liability as a percentage of its covered payroll	78.18%	166.25%	153.69%	157.94%	162.04%	167.66%	140.03%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1446%	0.1400%	0.1340%	0.1250%	0.1120%	0.1071%	0.1032%	0.1033%
Proportionate share of the net pension liability	$ 29,395,331	$ 42,945,148	$ 39,059,517	$ 33,326,331	$ 26,740,710	$ 21,155,192	$ 15,215,164	$ 11,723,145
Covered payroll	$ 20,786,227	$ 20,211,744	$ 18,594,380	$ 16,665,482	$ 13,971,429	$ 12,681,438	$ 11,432,104	$ 10,840,299
Proportionate share of the net pension liability as a percentage of its covered payroll	141.42%	212.48%	210.06%	199.97%	191.40%	166.82%	133.09%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 5,161,600	$ 4,902,859	$ 5,015,485	$ 4,465,714	$ 3,743,087	$ 2,854,959	$ 2,152,267	$ 1,671,280
Contributions in relation to the contractually required contribution	(5,161,600)	(4,902,859)	(5,015,485)	(4,465,714)	(3,743,087)	(2,854,959)	(2,152,267)	(1,671,280)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 30,505,910	$ 30,358,260	$ 29,330,322	$ 27,430,676	$ 25,939,619	$ 22,694,428	$ 20,052,406	$ 18,820,721
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 4,888,479	$ 4,302,749	$ 3,985,958	$ 3,358,517	$ 2,588,316	$ 1,940,352	$ 1,502,370	$ 1,345,673
Contributions in relation to the contractually required contribution	(4,888,479)	(4,302,749)	(3,985,958)	(3,358,517)	(2,588,316)	(1,940,352)	(1,502,370)	(1,345,673)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 21,337,752	$ 20,786,227	$ 20,211,744	$ 18,594,380	$ 16,665,482	$ 13,971,429	$ 12,681,438	$ 11,432,104
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.50% to 5.50% and the inflation rate was changed from 2.75% to 2.50% 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 in Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% 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 CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

Schedule of the District's Contributions for Pensions

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

Supplementary Information
June 30, 2022

Desert Community College District

Desert Community College District was established on July 1, 1958, and is comprised of the territory of Palm Springs Unified School District, Coachella Valley Unified School District, Desert Sands Unified School District, Desert Center Unified School District, and Morongo Valley Unified School District. The District is located in Coachella Valley in Riverside County, California, and also includes a small portion of Imperial County in the Salton Sea area. There were no changes in the boundaries of the District during the current year. The District is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

The educational facilities of the Desert Community College District operate under the name College of the Desert.

Board of Trustees as of June 30, 2022

Member	Office	Term Expires
Aurora Wilson	Chairperson	2022
Rubén AríAztlán Pérez	Vice Chairperson	2022
Dr. Bonnie Stefan	Clerk	2024
Dr. Fred E. Jandt	Member	2024
Bea Gonzalez	Member	2024
Ireland Olson	Student Trustee	2022

Administration as of June 30, 2022

Jeff Baker	Interim Superintendent/President
Dr. Annebelle Nery	Vice President of Instruction and Acting Vice President of Student Services
John Ramont	Vice President of Administrative Services
Tony Carrillo, Jr.	Director of Fiscal Services
Dr. Mark J. Zacovic	Interim Vice President of Human Resources and Employee Relations
Stuart Davis	Executive Director of Educational Technology

Auxiliary Organizations in Good Standing

Desert Community College Auxiliary Services
Master Agreement dated March 1985
Jeff Baker, Interim Superintendent/President

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		$ 13,561,313
Federal Direct Student Loans	84.268		226,307
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		350,000
Federal Work-Study Program	84.033		233,544
Federal Work-Study Program Administrative Allowance	84.033		113,448
Subtotal Student Financial Assistance Cluster			14,484,612
TRIO Cluster			
DSPS Student Support Services	84.042A		255,962
ACES Student Support Services	84.042A		333,777
Veterans Student Support Services	84.042A		275,739
Educational Talent Search Program	84.044A		272,697
Upward Bound Program	84.047A		478,565
Subtotal TRIO Cluster			1,616,740
Child Care Access Means Parents in School	84.335A		109,865
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		14,846,335
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		15,042,675
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		787,087
Subtotal			30,676,097
Passed through California Department of Education			
Adult Basic Education & ELA	84.002A	14508	223,576
Adult Secondary Education	84.002	13978	60,996
English Literacy & Civics Education	84.002A	14109	3,248
Subtotal			287,820
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Title I, Part C	84.048A	21-C01-930	500,438
Passed through California Department of Rehabilitation			
State Vocational Rehabilitation Services Program	84.126A	31080	233,808
Total U.S. Department of Education			47,909,380

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 the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	$ 1,080,601
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04370-CACFP-33-CC-IC	19,860
U.S. Department of Veterans Affairs			
Vocational Rehabilitation of Disabled Veterans	64.116		1,400
Research and Development Cluster			
National Science Foundation			
Passed through University Enterprises Corporation at California State University, San Bernardino			
Promoting Pre and Post-Transfer Success in STEM at Hispanic Serving Institutions	47.076	GT16174	73,811
National Aeronautics and Space Administration			
Entry, Descent, and Landing Curriculum Development for Community College Students	43.008		3,868
Subtotal Research and Development Cluster			77,679
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]	76,015
Passed through Riverside County Department of Public Social Services			
Greater Avenues for Independence	93.558	[1]	523
Subtotal			76,538
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant	93.575	15136	27,286
Child Care and Development Block Grant	93.575	15557	16,629
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	59,332
Subtotal Child Care and Development Fund (CCDF) Cluster			103,247
Total U.S. Department of Health and Human Services			179,785
Total Federal Financial Assistance			$ 49,268,705

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

Program	Program Revenues: Cash Received	Program Revenues: Accounts Receivable	Program Revenues: Unearned Revenue	Program Revenues: Total Revenue	Program Expenditures
Adult Education Program	$ 1,082,529	$ -	$ 539,015	$ 543,514	$ 543,514
Basic Needs Center	274,606	-	263,746	10,860	10,860
California Promise Grant	720,078	-	309,021	411,057	411,057
CalWORKS	623,285	-	128,506	494,779	494,779
Child Development: California State Preschool Program	561,984	38,156	-	600,140	600,140
Child Development: General Childcare and Development	248,348	59,269	-	307,617	307,617
COD Innovation Development Entrepreneurship Action	40,000	-	-	40,000	40,000
Cooperative Agencies for Education (CARE)	250,511	-	166,571	83,940	83,940
COVID-19 Block Grant - State Portion	640,938	-	-	640,938	640,938
Disabled Student Program and Services (DSPS)	1,176,608	-	142,516	1,034,092	1,034,092
DSN - Construction and Utilities	38,562	50,000	-	88,562	88,562
Economic and Workforce Development	147,156	-	-	147,156	147,156
Equal Employment Opportunity	77,975	-	-	77,975	77,975
Extended Opportunity Program and Services (EOPS)	850,537	-	63,663	786,874	786,874
Financial Aid Technology	47,936	-	21,604	26,332	26,332
Guided Pathways	492,820	-	202,872	289,948	289,948
Hunger Free Campus	7,604	-	-	7,604	7,604
MESA	105,511	-	42,532	62,979	62,979
Nursing Assessment	303,082	-	88,245	214,837	214,837
Restricted lottery	593,044	343,602	-	936,646	936,646
Retention & Enrollment	1,087,908	-	628,133	459,775	459,775
State Instructional Equipment/Repairs	4,840,521	-	539,798	4,300,723	4,300,723
Strong Workforce Program	3,902,756	530,915	1,424,891	3,008,780	3,008,780
Student Equity and Achievement	3,801,601	-	205,424	3,596,177	3,596,177
Student Food and Housing Support	272,507	-	246,445	26,062	26,062
Student Financial Aid Base	114,165	-	-	114,165	114,165
Student Financial Aid CAP	336,890	-	-	336,890	336,890
Student Success Completion Grant	2,840,170	-	1,629,262	1,210,908	1,210,908
Veterans Resource Center	215,128	-	196,246	18,882	18,882
Total state programs	$ 25,694,760	$ 1,021,942	$ 6,838,490	$ 19,878,212	$ 19,878,212

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit*	37.29	-	37.29
2. Credit	609.49	-	609.49
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit*	3.96	-	3.96
2. Credit	51.44	-	51.44
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,244.76	-	1,244.76
(b) Daily Census Contact Hours	156.66	-	156.66
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	1,072.17	-	1,072.17
(b) Credit	261.24	-	261.24
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	4,369.89	-	4,369.89
(b) Daily Census Procedure Courses	943.86	-	943.86
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	8,750.76	-	8,750.76
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	904.10	-	904.10
2. Credit	137.00	-	137.00
CCFS-320 Addendum			
CDCP Noncredit FTES	609.60	-	609.60

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 14,812,432	$ -	$ 14,812,432	$ 14,812,432	$ -	$ 14,812,432
Other	1300	8,134,431	-	8,134,431	8,134,431	-	8,134,431
Total Instructional Salaries		22,946,863	-	22,946,863	22,946,863	-	22,946,863
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,731,628	-	5,731,628
Other	1400	-	-	-	879,229	-	879,229
Total Noninstructional Salaries		-	-	-	6,610,857	-	6,610,857
Total Academic Salaries		22,946,863	-	22,946,863	29,557,720	-	29,557,720
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	13,361,179	-	13,361,179
Other	2300	-	-	-	582,453	-	582,453
Total Noninstructional Salaries		-	-	-	13,943,632	-	13,943,632
Instructional Aides							
Regular Status	2200	1,867,715	-	1,867,715	1,867,715	-	1,867,715
Other	2400	-	-	-	-	-	-
Total Instructional Aides		1,867,715	-	1,867,715	1,867,715	-	1,867,715
Total Classified Salaries		1,867,715	-	1,867,715	15,811,347	-	15,811,347
Employee Benefits	3000	10,858,749	-	10,858,749	20,744,590	-	20,744,590
Supplies and Material	4000	-	-	-	855,886	-	855,886
Other Operating Expenses	5000	-	-	-	7,255,039	-	7,255,039
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		35,673,327	-	35,673,327	74,224,582	-	74,224,582

		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	$ -	$ -	$ -	$ 585,556	$ -	$ 585,556
Student Health Services Above Amount Collected	6441	-	-	-	3,227	-	3,227
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	611,837	-	611,837
Objects to Exclude							
Rents and Leases	5060	-	-	-	159,126	-	159,126
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	$ -	$ -	$ -	$ 2,022,187	$ -	$ 2,022,187
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,381,933	-	3,381,933
Total for ECS 84362, 50% Law		$35,673,327	$ -	$35,673,327	$70,842,649	$ -	$70,842,649
Percent of CEE (Instructional Salary Cost/Total CEE)		50.36%		50.36%	100.00%		100.00%
50% of Current Expense of Education					$35,421,324		$35,421,324

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 20,565,966
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 20,565,966	$ -	$ -	$ 20,565,966
Total Expenditures for EPA		$ 20,565,966	$ -	$ -	$ 20,565,966
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 31,385,659	
Special Revenue Funds	1,340,028	
Capital Project Funds	229,246,819	
Debt Service Funds	73,745,059	
Proprietary Funds	18,269,881	
Internal Service Funds	389,981	
Fiduciary Funds	4,408,810	
Total fund balance - all District funds		$ 358,786,237
Amounts held in trust on behalf of others (OPEB Trust Fund)		(4,408,810)
The District's investment in the Riverside County investment pool is reported at fair market value in the Statement of Net Position.		197,874
The District's contingent liability is recognizable as a subsequent event is reported in the Statement of Net Position.		(2,058,868)
Capital and right-to-use leased 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	544,927,307	
Accumulated depreciation is	(167,866,788)	
The cost of right-to-use leased assets is	1,876,481	
Accumulated amortization is	(1,183,587)	
Total capital and right-to-use leased assets, net		377,753,413
Lease receivables and deferred inflows of resources relatd to leases are reported in the Statement of Net Position, but were not reported in the District's CCFS-311:		
Lease receivables	4,091,641	
Deferred inflows of resources related to leases	(4,049,647)	41,994
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	31,955,329	
Deferred outflows of resources related to OPEB	2,951,695	
Deferred outflows of resources related to pensions	22,381,918	
Total deferred outflows of resources		57,288,942
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.		(6,982,039)

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	$ (543,719,000)	
Finance purchase liability	(12,078)	
Lease liability	(746,815)	
Compensated absences	(1,795,825)	
Load banking	(519,553)	
Early retirement incentive	(2,399,009)	
Aggregate net other postemployment benefits (OPEB) liability	(5,307,981)	
Aggregate net pension liability	(53,130,654)	
Total long-term liabilities		$ (607,630,915)
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	(2,593,840)	
Deferred inflows of resources related to pensions	(33,044,876)	
Total deferred inflows of resources		(35,638,716)
Total net position		$ 137,349,112

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 (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2022

Desert 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
Desert Community College District
Palm Desert, 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 Desert Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 14 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Accordingly, a restatement has been made to the business-type activities net position as of June 30, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

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
Desert Community College District
Palm Desert, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Desert Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

Eide Bailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Desert Community College District
Palm Desert , California

Report on State Compliance

We have audited Desert Community College District's (the District) compliance with the types of compliance requirements described in the 2021-2022 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, 2022.

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 below that were audited for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 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 received no funding through Propositions 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The purpose of this report on State compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 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
January 26, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Desert Community College District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ 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
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs	$1,478,061
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

None reported.

None reported.

None reported.

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

2021-001 Closing Process

Recommendation

The District should establish and implement procedures to ensure account balances related to the Student Financial Aid Fund are monitored and reconciled in a timely manner. The District's closing process should include a review process over all funds to ensure the funds are reconciled and balanced.

Current Status

Implemented.

Federal Awards Findings

2021-002 Special Tests and Provisions – Return to Title IV

Recommendation

The District should establish and implement effective controls to ensure the return of funds occurs within 45 days from the date the institution determines the student withdrew from all classes.

Current Status

Implemented.

State Compliance Findings

None reported.