Financial Statements
June 30, 2023

Desert Community College District

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Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities net position as of July 1, 2022. 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 17 and other required supplementary schedules as listed in the table of contents on pages 69 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 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, 2023. 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, 2023. 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, 2023, the District's total net position is $175,522,729. Total net position of the District increased $38,173,617 from the previous year. The District's General Fund Unrestricted balance at the end of the fiscal year increased to $31,634,629. 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 = $85,603,791. This was a net increase of approximately $9.4 million over the 2021-2022 fiscal year. Total credit and non-credit FTES reported for the 2022-2023 fiscal year was 9,218.80; an increase of 468.04 or approximately 5.35%.

The calculated statutory cost-of-living (COLA) was 6.56%.

Enrollment fee: During 2022-2023, 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, 2023. The total net position increased to $38,173,617 from the previous year due primarily to increases in property taxes and state and local capital income.

- Cash, cash equivalents, and investments consist of cash in local banks, the County Treasury, and other investments of $363,608,620 as of June 30, 2023, compared to $377,048,310 as of June 30, 2022.

- 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, 2023, in the amount of $38,630,785 compared to $15,634,782 as of June 30, 2022.

- Net capital, right-to-use leased, and right-to-use subscription-based IT assets, are the net value of land, buildings, construction, machinery, equipment, vehicles, and works of art, right-to-use leased assets, and right-to-use subscription-based IT assets 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 , right-to-use leased assets, and right-to-use subscription-based IT assets as of June 30, 2023, amounted to $404,889,840 compared to $379,623,480 for fiscal year ending June 30, 2022.

- Accounts payable and accrued liabilities consist of payables to vendors, accrued payroll and benefits, and apportionment of $67,692,284 as of June 30, 2023, compared to $43,187,416 as of June 30, 2022. Accrued interest payable on bonds as of the end of fiscal year June 30, 2023, of $6,661,127 compared to $6,982,039 for fiscal year ending June 30, 2022.

- 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, 2023, of $24,824,841 compared to $8,495,860 at the end of fiscal year June 30, 2022. Most grant funds are earned when spent, up to the award amount.

- Current and noncurrent liabilities consist of finance purchase as of June 30, 2023, in the amount of $0 compared to $12,078 as of June 30, 2022, leases as of June 30, 2023, in the amount of $483,214 compared to $746,815 as of June 30, 2022, subscription-based IT arrangements as of June 30, 2023, in the amount of $811,038 compared to $1,870,067 as of June 30, 2022, compensated absences liability as of June 30, 2023, in the amount of $2,096,388 compared to $1,795,825 as of June 30, 2022, load banking liability in the amount of $566,646 as of June 30, 2023, as compared to $519,553 as of June 30, 2022, early retirement plan of $1,737,744 as of June 30, 2023. The aggregate net other postemployment benefit liability was $6,122,998 as of June 30, 2023, compared to $5,307,981 as of June 30, 2022. The District's aggregate net pension liability is $80,699,033 as of June 30, 2023, as compared to $53,130,654 as of June 30, 2022.

- Bonds payable of $515,944,022 at June 30, 2023, compared to $543,719,000 at June 30, 2022, 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, 2023 and June 30, 2022, is summarized below.

Table 1

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 363,608,620	$ 377,048,310	$ (13,439,690)
Receivables	38,630,785	15,634,782	22,996,003
Other current assets	39,592	130,359	(90,767)
Capital assets, right-to-use leased and right-to-use subscription based IT assets, net	404,889,840	379,623,480	25,266,360
Total assets	807,168,837	772,436,931	34,731,906
Deferred Outflows of Resources	60,049,035	57,288,942	2,760,093
Liabilities			
Accounts payable and accrued liabilities	67,692,284	43,187,416	24,504,868
Current portion of long-term liabilities	23,135,364	26,178,076	(3,042,712)
Noncurrent portion of long-term liabilities	585,325,719	583,322,906	2,002,813
Total liabilities	676,153,367	652,688,398	23,464,969
Deferred Inflows of Resources	15,541,776	39,688,363	(24,146,587)
Net Position			
Net investment in capital assets	57,922,008	41,509,768	16,412,240
Restricted	138,923,884	125,700,695	13,223,189
Unrestricted deficit	(21,323,163)	(29,861,351)	8,538,188
Total net position	$ 175,522,729	$ 137,349,112	$ 38,173,617

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 2022-2023. This rate is established by the State for all community colleges. Enrollment fees are included in the calculation of general apportionment.

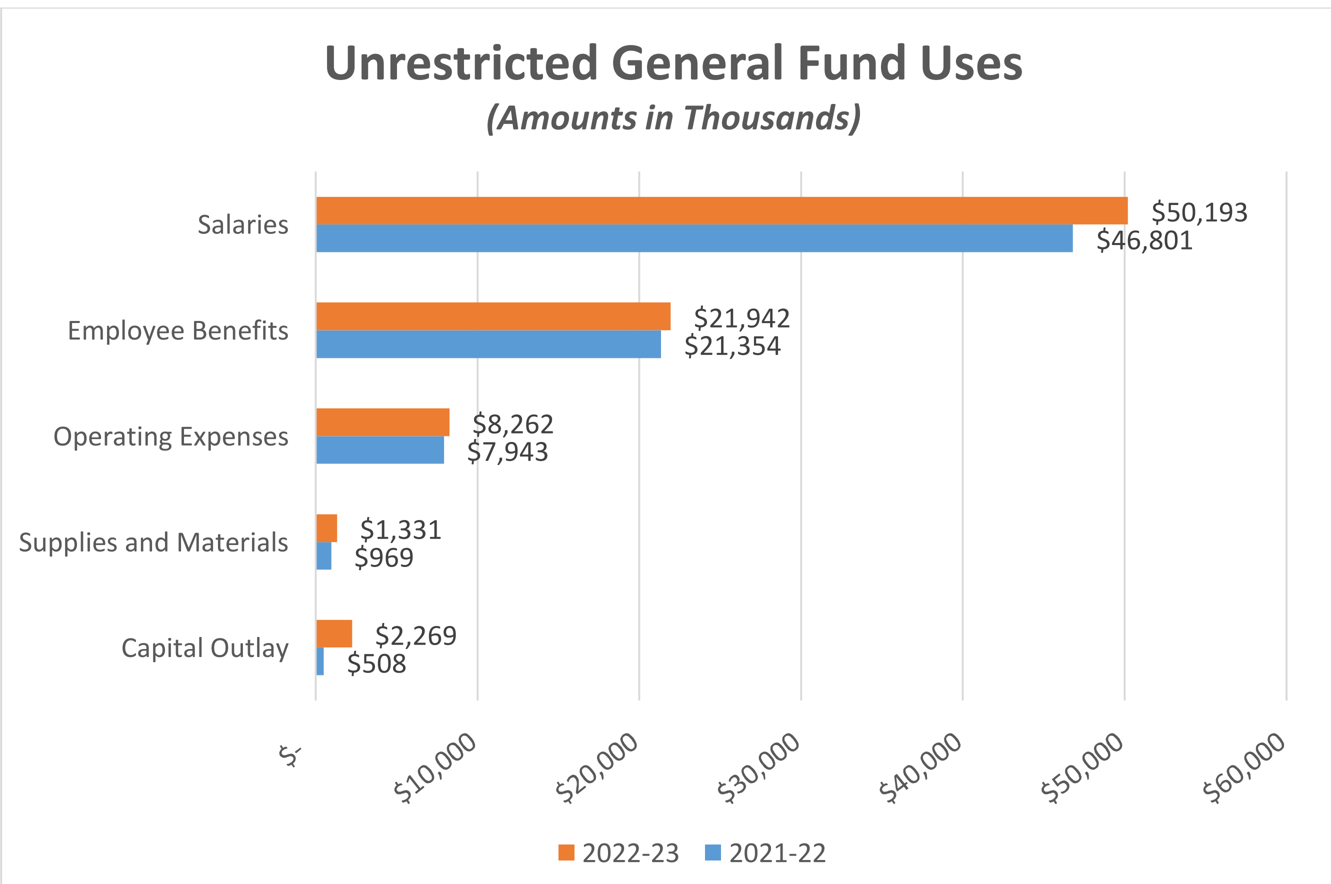
Non-capital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.

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.

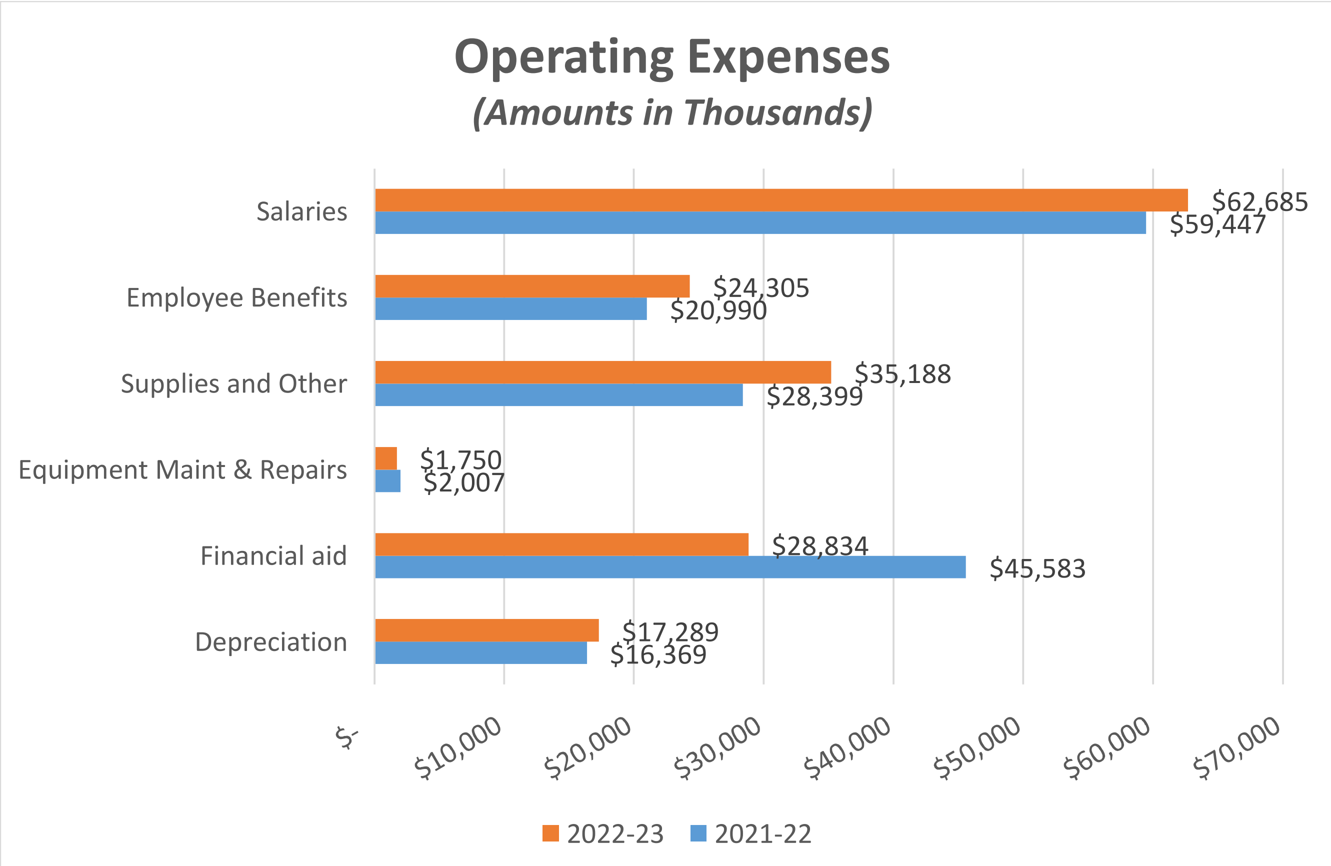
Local property taxes increased due to assessed valuations in the Coachella Valley. As noted above, decreases or increases in property tax revenue affect the District's State apportionment revenue. The housing market has continued to strengthen throughout the Coachella Valley. Interest rates are rising, 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, 2023 and 2022, respectively.



The following graph reflects the Operating Expenses of the District for the years ended June 30, 2023 and 2022, 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

	2023	2022*	Change
Operating Revenues			
Tuition and fees, net	$ 6,747,590	$ 5,806,885	$ 940,705
Grants and contracts, noncapital	24,445,404	27,022,850	(2,577,446)
Other operating revenues	34,342	-	34,342
Total operating revenues	31,227,336	32,829,735	(1,602,399)
Operating Expenses			
Salaries and benefits	86,989,908	80,436,810	6,553,098
Supplies, services, equipment, and maintenance	36,938,693	30,405,981	6,532,712
Student financial aid	28,834,284	45,582,849	(16,748,565)
Depreciation and amortization	17,288,733	16,368,941	919,792
Total operating expenses	170,051,618	172,794,581	(2,742,963)
Operating loss	(138,824,282)	(139,964,846)	1,140,564
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	26,654,642	25,627,595	1,027,047
Property taxes	97,622,942	86,499,549	11,123,393
Student financial aid grants	22,687,895	41,638,693	(18,950,798)
State taxes and other revenues	5,055,441	4,322,533	732,908
Net interest expense	(7,670,871)	(7,900,598)	229,727
Other nonoperating revenues	2,645,707	1,317,413	1,328,294
Total nonoperating revenues (expenses)	146,995,756	151,505,185	(4,509,429)
Other Revenues			
State and local capital income	30,002,143	14,675,093	15,327,050
Change in net position	$ 38,173,617	$ 26,215,432	$ 11,958,185

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

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, 2023 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	$ 38,289,545	$ 2,503,466	$ -	$ 46,417	$ -	$ 40,839,428
Instructional administration	8,510,485	637,289	-	2,651	-	9,150,425
Institutional support services	11,289,713	17,569,453	-	91,799	-	28,950,965
Student services	12,694,809	1,612,138	-	2,918	-	14,309,865
Plant operations and maintenance	5,238,742	3,861,688	-	4,241	-	9,104,671
Planning, policymaking and coordinations	966,956	938,042	-	417	-	1,905,415
Instructional support services	3,359,771	639,366	-	4,522	-	4,003,659
Community services and economic development	1,165,985	1,547,108	-	4,775	-	2,717,868
Ancillary services and auxiliary operations	5,432,627	5,076,002	-	3,658	-	10,512,287
Physical property and related acquisitions	41,275	803,705	-	1,589,038	-	2,434,018
Student aid	-	-	28,834,284	-	-	28,834,284
Unallocated depreciation and amortization	-	-	-	-	17,288,733	17,288,733
Total	$ 86,989,908	$ 35,188,257	$ 28,834,284	$ 1,750,436	$ 17,288,733	$ 170,051,618

Statement of Cash Flows

Table 4

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (121,968,882)	$ (118,519,657)	$ (3,449,225)
Noncapital financing activities	120,187,521	134,982,987	(14,795,466)
Capital financing activities	(14,931,367)	128,384,914	(143,316,281)
Investing activities	2,724,188	(4,302,845)	7,027,033
Net Change in Cash and Cash Equivalents	(13,988,540)	140,545,399	(154,533,939)
Cash and Cash Equivalents, Beginning of Year	343,971,136	203,425,737	140,545,399
Cash and Cash Equivalents, End of Year	$ 329,982,596	$ 343,971,136	$ (13,988,540)

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

As of June 30, 2023, the District had $404,889,840 in net capital assets, right-to-use leased assets and right-to-use subscription-based IT assets. Gross capital assets, right-to-use leased and right-to-use subscription-based IT assets of $592,020,091 consist of land, buildings, construction in progress, site improvements, equipment and vehicles, and works of art. These assets have accumulated depreciation and amortization of $187,130,251. Capital and right-to-use subscription IT asset additions of $42,555,093 occurred during 2022-2023, and depreciation and amortization expense of $17,288,733 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 assets and right-to-use leased and right-to-use subscription-based IT assets. A summary of capital and right-to-use leased assets is presented below.

Table 5

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets				
Land, works of art and construction in progress	$ 60,026,450	$ 33,450,167	$ -	$ 93,476,617
Buildings and improvements	461,088,524	7,792,320	-	468,880,844
Furniture and equipment	23,812,333	1,260,503	-	25,072,836
Subtotal capital assets, net	544,927,307	42,502,990	-	587,430,297
Accumulated depreciation	(167,866,788)	(15,923,616)	-	(183,790,404)
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	(1,183,587)	(253,985)	-	(1,437,572)
Total right-to-use leased assets, net	692,894	(253,985)	-	438,909
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	2,661,210	52,103	-	2,713,313
Accumulated amortization	(791,143)	(1,111,132)	-	(1,902,275)
Total right-to-use subcription IT assets, net	1,870,067	(1,059,029)	-	811,038
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$379,623,480	$ 25,266,360	$ -	$404,889,840

Long-Term Liabilities

As of June 30, 2023, the District had $515,944,022 in debt from general obligation bonds consisting of $486,615,000 of principal and $29,329,022 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, 2022, as restated	Additions	Deductions	Balance June 30, 2023
General obligation bonds	$ 543,719,000	$ -	$ (27,774,978)	$ 515,944,022
Finance purchase liability	12,078	-	(12,078)	-
Lease liability	746,815	-	(263,601)	483,214
Aggregate net OPEB liability	5,307,981	815,017	-	6,122,998
Aggregate net pension liability	53,130,654	27,568,379	-	80,699,033
Other liabilities	4,714,387	347,656	(661,265)	4,400,778
Subscription-based IT arrangements	1,870,067	52,103	(1,111,132)	811,038
Total long-term liabilities	$ 609,500,982	$ 28,783,155	$ (29,823,054)	$ 608,461,083
Amount due within one year				$ 23,135,364

AGGREGATE NET PENSION LIABILITY

At year end, the District has an aggregate net pension liability of $80,699,033 versus $53,130,654 last year, an increase of $27,568,379 or 52%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2022-2023 Desert Community College District budget was developed with input from Fiscal Services and the VP of Administration. Revenue projections included conservative projections based on planning factors received from the Chancellor's Office, School Services of California, 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.

The District continues to be fiscally responsible, while providing the necessary resources to students and staff and also 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 2022 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, and training in online instruction.

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 92% 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 without deficit spending. 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.
- Roadrunner Motors automotive facility in Cathedral City.
- Science Building renovation.

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	$ 1,625,800
Investments	361,982,820
Accounts receivable	30,001,886
Student receivables	4,563,343
Prepaid expenses	39,592
Lease receivables	3,969,607
Interest receivable	95,949
Capital, right-to-use leased, and subscription-based IT assets	
Nondepreciable capital assets	93,476,617
Depreciable capital assets, net of accumulated depreciation	310,163,276
Right-to-use leased assets, net of accumulated amortization	438,909
Right-to-use subscription-based IT assets, net of accumulated amortization	811,038
Total capital, right-to-use leased, and subscription-based IT assets, net	404,889,840
Total assets	807,168,837
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	28,883,436
Deferred outflows of resources related to OPEB	2,921,938
Deferred outflows of resources related to pensions	28,243,661
Total deferred outflows of resources	60,049,035
Liabilities	
Accounts payable	36,206,316
Accrued interest payable	6,661,127
Unearned revenue	24,824,841
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	23,135,364
Long-term liabilities other than OPEB and pensions, due in more than one year	498,503,688
Aggregate net other postemployment benefits (OPEB) liability	6,122,998
Aggregate net pension liability	80,699,033
Total liabilities	676,153,367
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	3,681,883
Deferred inflows of resources related to OPEB	1,938,617
Deferred inflows of resources related to pensions	9,921,276
Total deferred inflows of resources	15,541,776
Net Position	
Net investment in capital assets	57,922,008
Restricted for	
Debt service	69,845,673
Capital projects	64,082,459
Educational programs	4,136,355
Other activities	859,397
Unrestricted deficit	(21,323,163)
Total net position	$ 175,522,729

Operating Revenues	
Tuition and fees	$ 12,630,205
Less: Scholarship discounts and allowances	(5,882,615)
Net tuition and fees	6,747,590
Grants and contracts, noncapital	
Federal	3,991,329
State	19,538,382
Local	915,693
Total grants and contracts, noncapital	24,445,404
Other operating revenues	34,342
Total operating revenues	31,227,336
Operating Expenses	
Salaries	62,684,493
Employee benefits	24,305,415
Supplies, materials, and other operating expenses and services	35,188,257
Student financial aid	28,834,284
Equipment, maintenance, and repairs	1,750,436
Depreciation and amortization	17,288,733
Total operating expenses	170,051,618
Operating Loss	(138,824,282)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	26,654,642
Local property taxes, levied for general purposes	54,962,539
Taxes levied for other specific purposes	42,660,403
Federal and State financial aid grants	22,687,895
State taxes and other revenues	5,055,441
Investment income, net	7,372,762
Interest expense on capital related debt	(15,477,799)
Investment income on capital asset-related debt, net	434,166
Other nonoperating revenue	2,645,707
Total nonoperating revenues (expenses)	146,995,756
Income Before Other Revenues	8,171,474
Other Revenues	
State revenues, capital	3,149,891
Local revenues, capital	26,852,252
Total other revenues	30,002,143
Change In Net Position	38,173,617
Net Position, Beginning of Year	137,349,112
Net Position, End of Year	$ 175,522,729

Operating Activities	
Tuition and fees	$ 4,690,903
Federal, state, and local grants and contracts, noncapital	27,549,053
Payments to or on behalf of employees	(88,137,565)
Payments to vendors for supplies and services	(37,271,331)
Payments to students for scholarships and grants	(28,834,284)
Other operating receipts	34,342
Net cash flows from operating activities	(121,968,882)
Noncapital Financing Activities	
State apportionments	20,438,701
Federal and state financial aid grants	38,981,661
Property taxes - nondebt related	54,672,938
State taxes and other apportionments	5,410,108
Other nonoperating	684,113
Net cash flows from noncapital financing activities	120,187,521
Capital Financing Activities	
Purchase of capital assets	(32,292,964)
State revenue, capital	(10,933,060)
Local revenue, capital	26,852,252
Property taxes - related to capital debt	42,660,403
Principal paid on capital debt	(25,516,811)
Interest paid on capital debt	(16,371,796)
Interest received on capital asset-related debt	670,609
Net cash flows from capital financing activities	(14,931,367)
Investing Activities	
Change in fair value of cash in county treasury	(728,012)
Interest received from investments	3,452,200
Net cash flows from investing activities	2,724,188
Change In Cash and Cash Equivalents	(13,988,540)
Cash and Cash Equivalents, Beginning of Year	343,971,136
Cash and Cash Equivalents, End of Year	$ 329,982,596

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (138,824,282)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	17,288,733
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	1,353,426
Lease receivable	26,085
Prepaid expenses	90,767
Deferred outflows of resources related to OPEB	29,757
Deferred outflows of resources related to pensions	(5,861,743)
Accounts payable	(30,040)
Unearned revenue	35,215
Compensated absences	300,563
Load banking	47,093
Early retirement incentive	(661,265)
Aggregate net OPEB liability	815,017
Aggregate net pension liability	27,568,379
Deferred inflows of resources related to leases	(367,764)
Deferred inflows of resources related to OPEB	(655,223)
Deferred inflows of resources related to pensions	(23,123,600)
Total adjustments	16,855,400
Net cash flows from operating activities	$ (121,968,882)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 1,625,800
Cash in county treasury	328,356,796
Total cash and cash equivalents	$ 329,982,596
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 3,071,893
Amortization of debt premiums	$ 3,644,978
Recognition of right-to-use subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	$ 52,103

	Retiree OPEB Trust
Assets	
Investments	$ 4,880,709
Accounts receivable	7
Total assets	$ 4,880,716
Net Position	
Restricted for postemployment benefits other than pensions	$ 4,880,716

	Retiree OPEB Trust
Additions	
District contributions	$ 498,205
Interest and investment loss, net of fees	(159,685)
Net realized and unrealized gains	631,591
Total additions	970,111
Deductions	
Employee benefits	498,205
Change in Net Position	471,906
Net Position - Beginning of Year	4,408,810
Net Position - End of Year	$ 4,880,716

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, 20 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, 2023.

Right-to-use Leased Assets and Amortization

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

Right-to-use Subscription IT Assets and Amortization

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

Compensated Absences and Load Banking

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

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Leases

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

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

Subscription-Based IT Arrangements

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

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 general obligation bonds, finance purchase liability, lease liability, subscription-based IT arrangements, compensated absences, load banking, early retirement incentive, aggregate net OPEB liability, and aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $138,923,884 of restricted net position, and the fiduciary funds financial statements report $4,880,716 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 and are recorded in the District's financial records when received. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of 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* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

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

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds 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. 91

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

Implementation of GASB Statement No. 94

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

Implementation of GASB Statement No. 96

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

Note 3 - Deposits and Investments

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term 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, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 1,610,800	$ -
Cash in revolving	15,000	-
Investments	361,982,820	4,880,709
Total deposits and investments	$ 363,608,620	$ 4,880,709

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	$ 100,084	No maturity	Not rated
Mutual funds	4,880,339	No maturity	Not rated
Certificates of deposit	60,940	0.82	Not rated
Riverside County investment pool	328,357,166	1.30	Aaa-bf
Municipal bonds	33,465,000	13.26	VMIG 1
Total	$ 366,863,529		

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately $3.9 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, 2023, the District's investment balance of approximately $37.3 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, 2023:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs
Mutual funds	$ 4,880,339	$ 4,880,339
Certificates of deposit	60,940	60,940
Municipal bonds	33,465,000	33,465,000
Total	$ 38,406,279	$ 38,406,279

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

Note 5 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	$ 1,758,973
State Government	
Apportionment	4,532,754
Categorical aid	615,185
Lottery	721,176
Local Sources	
Property taxes	1,489,156
District foundation	471,523
Interest	4,365,701
New Market Tax Credit	14,082,951
Other local sources	1,964,467
Total	$ 30,001,886
Student receivables	$ 4,563,343

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, 2022	Additions	Deductions	Balance, June 30, 2023
Buchanan Street	$ 151,674	$ -	$ (21,434)	$ 130,240
McCallum Theater	2,811,879	-	(37,525)	2,774,354
American Tower	1,042,380	-	-	1,042,380
Bureau of Automotive Repair (BAR)	-	33,301	(10,668)	22,633
Total	$ 4,005,933	$ 33,301	$ (69,627)	$ 3,969,607

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 $25,897 in lease revenue and $6,390 in interest revenue related to these agreements. At June 30, 2023, the District recorded $130,240 in lease receivables and $103,587 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 $42,948 in lease revenue and $112,475 in interest revenue related to these agreements. At June 30, 2023, the District recorded $2,774,354 in lease receivables and $2,705,733 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 $27,431 in lease revenue and $45,124 in interest revenue related to these agreements. At June 30, 2023, the District recorded $1,042,380 in lease receivables, $95,949 in interest receivable and $850,363 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.

Bureau of Automotive Repair (BAR)

On May 20, 2022 the District entered into a site lease of property and equipment owned by the District necessary to conduct the Smog Check Referee and Student Technician Training Program to an outside party. The lease is noncancellable for 3 years, beginning July 1, 2022 through June 30, 2025. The agreement sets monthly rents at $1,000 for the term of 4 years. During the fiscal year, the District recognized $11,100 in lease revenue and $1,332 in interest revenue related to these agreements. At June 30, 2023, the District recorded $22,633 in lease receivables and $22,200 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.

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

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 40,087,162	$ -	$ -	$ 40,087,162
Works of art	524,000	-	-	524,000
Construction in progress	19,415,288	33,450,167	-	52,865,455
Total capital assets not being depreciated	60,026,450	33,450,167	-	93,476,617
Capital Assets Being Depreciated				
Land improvements	144,843,206	6,646,882	-	151,490,088
Buildings and improvements	316,245,318	1,145,438	-	317,390,756
Furniture and equipment	23,812,333	1,260,503	-	25,072,836
Total capital assets being depreciated	484,900,857	9,052,823	-	493,953,680
Total capital assets	544,927,307	42,502,990	-	587,430,297
Less Accumulated Depreciation				
Land improvements	(62,469,499)	(6,837,716)	-	(69,307,215)
Buildings and improvements	(89,967,606)	(7,583,976)	-	(97,551,582)
Furniture and equipment	(15,429,683)	(1,501,924)	-	(16,931,607)
Total accumulated depreciation	(167,866,788)	(15,923,616)	-	(183,790,404)
Net capital assets	377,060,519	26,579,374	-	403,639,893
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	(979,972)	(219,173)	-	(1,199,145)
Furniture and equipment	(203,615)	(34,812)	-	(238,427)
Total accumulated amortization	(1,183,587)	(253,985)	-	(1,437,572)
Net right-to-use leased assets	692,894	(253,985)	-	438,909
Right-to-use Subscription IT Assets Being Amortized				
Right-to-use subscription IT assets	2,661,210	52,103	-	2,713,313
Accumulated amortization	(791,143)	(1,111,132)	-	(1,902,275)
Net right-to-use subscription IT assets	1,870,067	(1,059,029)	-	811,038
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 379,623,480	$ 25,266,360	$ -	$ 404,889,840

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

Summary

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 510,745,000	$ -	$ (24,130,000)	$ 486,615,000	$ 21,625,000
Bond premium	32,974,000	-	(3,644,978)	29,329,022	-
Finance purchase liability	12,078	-	(12,078)	-	-
Lease liability	746,815	-	(263,601)	483,214	197,250
Subscription-based IT arrangements	1,870,067	52,103	(1,111,132)	811,038	651,849
Compensated absences	1,795,825	300,563	-	2,096,388	-
Load banking	519,553	47,093	-	566,646	-
Early retirement incentive	2,399,009	-	(661,265)	1,737,744	661,265
Total	$ 551,062,347	$ 399,759	$ (29,823,054)	$ 521,639,052	$ 23,135,364

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 are paid for by the General Fund and Capital Outlay Fund. The subscription-based IT arrangements are paid for by the General 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, 2023, the principal balance outstanding was $11,620,000.

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, 2023, 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, 2023, the principal balance outstanding was $119,990,000.

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, 2023, the principal balance outstanding was $40,700,000.

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, 2023, the principal balance outstanding was $31,290,000.

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, 2023, the principal balance outstanding was $78,500,000 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. At June 30, 2023, the principal balance outstanding was $175,210,000.

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, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
4/2015	8/1/2024	2.00%-5.00%	$ 38,690,000	$ 16,635,000	$ -	$ (5,015,000)	$ 11,620,000
2/2016	8/1/2025	5.00%	158,130,000	4,305,000	-	-	4,305,000
4/2017	8/1/2039	2.00%-5.00%	125,305,000	121,990,000	-	(2,000,000)	119,990,000
8/2020	8/1/2042	0.22%-4.00%	60,000,000	45,700,000	-	(5,000,000)	40,700,000
8/2020	8/1/2040	0.27%-2.46%	32,930,000	32,080,000	-	(790,000)	31,290,000
11/2021	8/1/2051	2.50%-4.00%	85,000,000	85,000,000	-	(6,500,000)	78,500,000
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	-	(4,825,000)	175,210,000
				$ 510,745,000	$ -	$ (24,130,000)	$ 486,615,000

General Obligation Bond - 2015 Refunding

The bonds mature through 2025 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 5,530,000	$ 442,750	$ 5,972,750
2025	6,090,000	152,250	6,242,250
Total	$ 11,620,000	$ 595,000	$ 12,215,000

General Obligation Bond - 2016 Refunding

The bonds mature through 2026 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ -	$ 215,250	$ 215,250
2025	-	215,250	215,250
2026	4,305,000	107,625	4,412,625
Total	$ 4,305,000	$ 538,125	$ 4,843,125

General Obligation Bond - 2017 Refunding

The bonds mature through 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	6,400,000	4,527,600	10,927,600
2029-2033	32,400,000	17,153,000	49,553,000
2034-2038	16,000,000	10,138,000	26,138,000
2039-2040	48,690,000	1,981,600	50,671,600
Total	$ 119,990,000	$ 54,503,100	$ 174,493,100

General Obligation Bond – 2020 Series

The bonds mature through 2043 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	1,095,000	1,183,431	2,278,431
2029-2033	8,070,000	5,078,056	13,148,056
2034-2038	13,265,000	2,939,556	16,204,556
2039-2043	17,320,000	954,503	18,274,503
Total	$ 40,700,000	$ 15,109,870	$ 55,809,870

General Obligation Bond – 2020 Refunding

The bonds mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	1,150,000	563,553	1,713,553
2029-2033	7,390,000	2,529,254	9,919,254
2034-2038	10,390,000	1,709,403	12,099,403
2039-2041	8,745,000	337,530	9,082,530
Total	$ 31,290,000	$ 7,485,136	$ 38,775,136

General Obligation Bond – 2021 Series A-1

The bonds mature through 2052 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	-	2,407,225	2,407,225
2029-2033	335,000	12,029,425	12,364,425
2034-2038	4,320,000	11,612,925	15,932,925
2039-2043	12,025,000	10,088,838	22,113,838
2044-2048	24,525,000	7,453,850	31,978,850
2049-2052	27,295,000	2,287,300	29,582,300
Total	$ 78,500,000	$ 55,708,463	$ 134,208,463

General Obligation Bond – 2021 Series A-2

The bonds mature through 2038 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	1,315,000	574,499	1,889,499
2029-2033	8,135,000	2,211,871	10,346,871
2034-2038	11,880,000	907,222	12,787,222
Total	$ 25,000,000	$ 6,343,038	$ 31,343,038

General Obligation Bond – 2021 Refunding

The bonds mature through 2038 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	7,680,000	4,057,854	11,737,854
2029-2033	53,805,000	17,530,179	71,335,179
2034-2038	97,940,000	8,274,696	106,214,696
Total	$ 175,210,000	$ 46,920,539	$ 222,130,539

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. At June 30, 2023 the balance was paid in full.

Lease Liability

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

Leases	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Radio Station Building	$ 61,292	$ -	$ (52,360)	$ 8,932
Copier leases	43,970	-	(36,997)	6,973
Temporary Campus Site	641,553	-	(174,244)	467,309
Total	$ 746,815	$ -	$ (263,601)	$ 483,214

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 $53,859, 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, 2023, the District has recognized a right-to-use leased asset of $8,596, net of accumulated amortization and a lease liability of $8,932 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 4.00% 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 $37,563. The annual interest rate charged on the lease is 4.00%.

At June 30, 2023, the District has recognized a right-to-use leased asset of $11,464, net of accumulated amortization and a lease liability of $6,973 related to this agreement. During the fiscal year, the District recorded $34,812 in amortization expense and $566 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, 2023, the District has recognized a right-to-use leased asset of $418,849, net of accumulated amortization and a lease liability of $467,309 related to this agreement. During the fiscal year, the District recorded $167,598 in amortization expense and $22,496 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, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 197,250	$ 15,449	$ 212,699
2025	188,734	8,003	196,737
2026	97,230	1,137	98,367
Total	$ 483,214	$ 24,589	$ 507,803

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $811,038, net of accumulated amortization and a SBITA liability of $811,038 related to these agreements. During the fiscal year, the District recorded $1,111,132 in amortization expense. The District is required to make annual principal and interest payments through June 2025. The subscription liabilities have been calculated using an interest rate of 9.62%, based on the District's estimated incremental borrowing rate.

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

Fiscal Year	Principal	Interest	Total
2024	$ 651,849	$ 23,353	$ 675,202
2025	159,189	1,903	161,092
Total	$ 811,038	$ 25,256	$ 836,294

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	
2024	$ 661,265
2025	661,265
2026	415,214
Total	$ 1,737,744

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

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 5,886,674	$ 2,921,938	$ 1,938,617	$ 265,934
Medicare Premium Payment (MPP) Program	236,324	-	-	(76,383)
Total	$ 6,122,998	$ 2,921,938	$ 1,938,617	$ 189,551

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, 2022, the District contributed $520,909 to the Plan all of which was used for current premiums. Additionally, the District recognized a reduction in the total OPEB liability of $131,866 associated with the implicit rate subsidy.

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, 2022:

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

Rate of Return

For the year ended June 30, 2022, the annual money-weighed rate of return on investments, net of investment expense, was 0.69%. 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 $5,886,674 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 10,295,118
Plan fiduciary net position	(4,408,444)
Net OPEB liability	$ 5,886,674
Plan fiduciary net position as a percentage of the total OPEB liability	42.82%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.60%
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 5.60%. 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, 2021	$ 9,872,598	$ 4,877,324	$ 4,995,274
Service cost	602,590	-	602,590
Interest	541,985	(463,935)	1,005,920
Difference between expected and actual experience	13,539	-	13,539
Contributions - employer	-	652,775	(652,775)
Changes of assumptions	(82,819)	-	(82,819)
Benefit payments	(652,775)	(652,775)	-
Administrative expense	-	(4,945)	4,945
Net change in total OPEB liability	422,520	(468,880)	891,400
Balance, June 30, 2022	$ 10,295,118	$ 4,408,444	$ 5,886,674

Changes in assumptions and other inputs reflects a change in the discount rate from 5.50% to 5.60%. 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 (4.60%)	$ 6,694,826
Current discount rate (5.60%)	5,886,674
1% increase (6.60%)	5,156,474

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 4,723,893
Current healthcare cost trend rate (4.00%)	5,886,674
1% increase (5.00%)	7,255,751

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 498,205	$ -
Differences between expected and actual experience	740,200	78,643
Changes of assumptions	1,474,872	1,859,974
Net difference between projected and actual earnings on OPEB plan investments	208,661	-
Total	$ 2,921,938	$ 1,938,617

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
2024	$ 28,425
2025	39,953
2026	(13,438)
2027	153,721
Total	$ 208,661

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 46,983
2025	46,983
2026	46,983
2027	46,983
2028	46,983
Thereafter	41,540
Total	$ 276,455

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $236,324 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0717%, and 0.0784%, resulting in a net decrease in the proportionate share of 0.0067%.

For the year ended June 30, 2023, the District recognized OPEB expense of ($76,383).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 257,638
Current discount rate (3.54%)	236,324
1% increase (4.54%)	217,868

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 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)	$ 216,836
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	236,324
1% increase (5.50% Part A and 6.40% Part B)	258,414

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, 2023, 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 2022-2023, 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, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 33,215,772	$ 12,481,895	$ 7,403,745	$ 3,819,458
CalPERS	47,483,261	15,761,766	2,517,531	6,613,045
Total	$ 80,699,033	$ 28,243,661	$ 9,921,276	$ 10,432,503

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $6,171,295.

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

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

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 33,215,772
State's proportionate share of the net pension liability associated with the District	16,634,329
Total	$ 49,850,101

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0478% and 0.0522%, respectively, resulting in a net decrease in the proportionate share of 0.0044%.

For the year ended June 30, 2023, the District recognized pension expense of $3,819,458. In addition, the District recognized pension expense and revenue of $1,341,548 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,171,295	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,636,093	3,288,938
Differences between projected and actual earnings on pension plan investments	-	1,624,316
Differences between expected and actual experience in the measurement of the total pension liability	27,247	2,490,491
Changes of assumptions	1,647,260	-
Total	$ 12,481,895	$ 7,403,745

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,193,180)
2025	(1,292,609)
2026	(1,941,762)
2027	2,803,235
Total	$ (1,624,316)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,673,162
2025	476,401
2026	(60,284)
2027	(235,439)
2028	(693,044)
Thereafter	(629,625)
Total	$ 531,171

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and 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%)	$ 56,412,700
Current discount rate (7.10%)	33,215,772
1% increase (8.10%)	13,955,347

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $5,678,172.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $47,483,261. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1380% and 0.1446%, respectively, resulting in a net decrease in the proportionate share of 0.0066%.

For the year ended June 30, 2023, the District recognized pension expense of $6,613,045. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,678,172	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	749,974	1,336,086
Differences between projected and actual earnings on pension plan investments	5,606,482	-
Differences between expected and actual experience in the measurement of the total pension liability	214,596	1,181,445
Changes of assumptions	3,512,542	-
Total	$ 15,761,766	$ 2,517,531

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 934,983
2025	829,265
2026	423,599
2027	3,418,635
Total	$ 5,606,482

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 981,866
2025	735,306
2026	322,199
2027	(79,790)
Total	$ 1,959,581

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.45%
Global equity - non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 68,591,974
Current discount rate (6.90%)	47,483,261
1% increase (7.90%)	30,037,685

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 in the amount of $2,668,122 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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

The District is a member of the SWACC 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 SWACC and RSRMA.

During the year ended June 30, 2023, the District made payments of $642,499 and $1,103,653 to SWACC and RSRMA, respectively.

Note 13 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

There is one pending civil suit against the District, of which one is an appeal of an administrative ruling, and one is an appeal to the Supreme Court of California. The District currently has a contingent liability recorded in the financial statements for approximately $2.1 million in estimated damages payable to the plaintiff.

Construction Commitments

As of June 30, 2023, the District had approximately $136 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 - Related Parties

The College of the Desert Foundation (the Foundation) provides various levels of monetary support and service to the District. The Foundation was organized as an independent organization under California *Business Code* and has a signed master agreement with the District. Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated facilities for the fiscal year ended June 30, 2023, amounted to $132,789 and have been reflected in the Foundation's financial statement as donated facilities.

Note 15 - Adoption of New Accounting Standard

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

Primary Government	
Net Position - Beginning	$ 137,349,112
Right-to-use subscription assets, net of amortization	1,870,067
Subcription liability	(1,870,067)
Net Position - Beginning	$ 137,349,112

Required Supplementary Information
June 30, 2023

Desert Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 602,590	$ 1,068,878	$ 872,696
Interest	541,985	382,535	422,642
Difference between expected and actual experience	13,539	377,396	(100,903)
Changes of assumptions	(82,819)	(2,120,282)	905,359
Benefit payments	(652,775)	(499,991)	(475,427)
Net change in total OPEB liability	422,520	(791,464)	1,624,367
Total OPEB Liability - Beginning	9,872,598	10,664,062	9,039,695
Total OPEB Liability - Ending (a)	$ 10,295,118	$ 9,872,598	$ 10,664,062
Plan Fiduciary Net Position			
Contributions - employer	$ 652,775	$ 499,991	$ 475,427
Investment income	(463,935)	1,100,341	264,954
Differences between projected and actual earnings on OPEB plan investments	-	-	(266,959)
Benefit payments	(652,775)	(499,991)	(475,427)
Administrative expense	(4,945)	(4,212)	(3,716)
Net change in plan fiduciary net position	(468,880)	1,096,129	(5,721)
Plan Fiduciary Net Position - Beginning	4,877,324	3,781,195	3,786,916
Plan Fiduciary Net Position - Ending (b)	$ 4,408,444	$ 4,877,324	$ 3,781,195
Net OPEB Liability - Ending (a) - (b)	$ 5,886,674	$ 4,995,274	$ 6,882,867
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.82%	49.40%	35.46%
Covered Payroll	$ 51,843,662	$ 51,144,487	$ 49,542,066
Net OPEB Liability as a Percentage of Covered Payroll	11.35%	9.77%	13.89%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 746,792	$ 512,430	$ 457,066
Interest	371,250	297,247	410,083
Difference between expected and actual experience	-	-	-
Changes of assumptions	661,243	1,147,476	-
Benefit payments	(530,189)	(469,494)	(401,715)
Net change in total OPEB liability	1,249,096	1,487,659	465,434
Total OPEB Liability - Beginning	7,790,599	6,302,940	5,837,506
Total OPEB Liability - Ending (a)	$ 9,039,695	$ 7,790,599	$ 6,302,940
Plan Fiduciary Net Position			
Contributions - employer	$ 530,189	$ 469,494	$ 401,715
Investment income	225,134	275,919	351,417
Differences between projected and actual earnings on OPEB plan investments	-	-	-
Benefit payments	(530,189)	(469,494)	(401,715)
Administrative expense	(3,535)	(3,431)	(3,060)
Net change in plan fiduciary net position	221,599	272,488	348,357
Plan Fiduciary Net Position - Beginning	3,565,317	3,292,829	2,944,472
Plan Fiduciary Net Position - Ending (b)	$ 3,786,916	$ 3,565,317	$ 3,292,829
Net OPEB Liability - Ending (a) - (b)	$ 5,252,779	$ 4,225,282	$ 3,010,111
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	41.89%	45.76%	52.24%
Covered Payroll	$ 46,025,056	$ 42,605,101	$ 36,665,857
Net OPEB Liability as a Percentage of Covered Payroll	11.41%	9.92%	8.21%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	0.69%	28.99%	(0.15%)	6.22%	8.38%	11.83%
Measurement Date	June 30, 2022	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,	2023	2022	2021
Proportion of the net OPEB liability	0.0717%	0.0784%	0.0877%
Proportionate share of the net OPEB liability	$ 236,324	$ 312,707	$ 371,545
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0826%	0.0800%	0.0720%
Proportionate share of the net OPEB liability	$ 307,504	$ 306,260	$ 302,878
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0478%	0.0522%	0.0503%	0.0467%	0.0446%
Proportionate share of the net pension liability	$ 33,215,772	$ 23,735,323	$ 48,760,510	$ 42,157,879	$ 40,969,672
State's proportionate share of the net pension liability associated with the District	16,634,329	11,942,694	25,136,049	22,999,937	23,457,054
Total	$ 49,850,101	$ 35,678,017	$ 73,896,559	$ 65,157,816	$ 64,426,726
Covered payroll	$ 30,505,910	$ 30,358,260	$ 29,330,322	$ 27,430,676	$ 25,939,619
Proportionate share of the net pension liability as a percentage of its covered payroll	108.88%	78.18%	166.25%	153.69%	157.94%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.1380%	0.1446%	0.1400%	0.1340%	0.1250%
Proportionate share of the net pension liability	$ 47,483,261	$ 29,395,331	$ 42,945,148	$ 39,059,517	$ 33,326,331
Covered payroll	$ 21,337,752	$ 20,786,227	$ 20,211,744	$ 18,594,380	$ 16,665,482
Proportionate share of the net pension liability as a percentage of its covered payroll	222.53%	141.42%	212.48%	210.06%	199.97%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0398%	0.0416%	0.0391%	0.0408%
Proportionate share of the net pension liability	$ 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	21,755,813	19,139,091	13,938,570	14,414,123
Total	$ 58,530,871	$ 52,758,782	$ 40,292,966	$ 38,284,762
Covered payroll	$ 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	162.04%	167.66%	140.03%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.1120%	0.1071%	0.1032%	0.1033%
Proportionate share of the net pension liability	$ 26,740,710	$ 21,155,192	$ 15,215,164	$ 11,723,145
Covered payroll	$ 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	191.40%	166.82%	133.09%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 6,171,295	$ 5,161,600	$ 4,902,859	$ 5,015,485	$ 4,465,714
Contributions in relation to the contractually required contribution	(6,171,295)	(5,161,600)	(4,902,859)	(5,015,485)	(4,465,714)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 32,310,445	$ 30,505,910	$ 30,358,260	$ 29,330,322	$ 27,430,676
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 5,678,172	$ 4,888,479	$ 4,302,749	$ 3,985,958	$ 3,358,517
Contributions in relation to the contractually required contribution	(5,678,172)	(4,888,479)	(4,302,749)	(3,985,958)	(3,358,517)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,381,443	$ 21,337,752	$ 20,786,227	$ 20,211,744	$ 18,594,380
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 3,743,087	$ 2,854,959	$ 2,152,267	$ 1,671,280
Contributions in relation to the contractually required contribution	(3,743,087)	(2,854,959)	(2,152,267)	(1,671,280)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 25,939,619	$ 22,694,428	$ 20,052,406	$ 18,820,721
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 2,588,316	$ 1,940,352	$ 1,502,370	$ 1,345,673
Contributions in relation to the contractually required contribution	(2,588,316)	(1,940,352)	(1,502,370)	(1,345,673)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 16,665,482	$ 13,971,429	$ 12,681,438	$ 11,432,104
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Schedule of Changes in the District's 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 5.50% to 5.60% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

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

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

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

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

Schedule of 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, 2023

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, 2023

Member	Office	Term Expires
Dr. Bonnie Stefan	Chairperson	2024
Bea Gonzalez	Vice Chairperson	2024
Rubén AríAztlán Pérez	Clerk	2026
Dr. Joel Kinnamon	Member	2026
Ronald Oden	Member	2024
Allen Pahl	Student Trustee	2023

Administration as of June 30, 2023

Dr. Martha Garcia	Superintendent/President
Val Martinez Garcia	Vice President of Instruction
Jeff Baker	Vice President of Student Services
Rodrigo Garcia	Vice President of Administrative Services
Diana Guijarro	Interim Director of Fiscal Services
Diana Galindo	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
Dr. Martha Garcia Superintendent/President

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 14,686,582
Federal Pell Grant Program Administrative Allowance	84.063		3,994
Federal Direct Student Loans	84.268		493,086
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		200,011
Federal Work-Study Program	84.033		131,100
Federal Work-Study Program Administrative Allowance	84.033		167,251
Subtotal Student Financial Assistance Cluster			15,682,024
TRIO Cluster			
DSPS Student Support Services	84.042A		281,385
ACES Student Support Services	84.042A		389,296
Veterans Student Support Services	84.042A		352,143
Educational Talent Search Program	84.044A		294,129
Upward Bound Program	84.047A		454,252
Subtotal TRIO Cluster			1,771,205
Child Care Access Means Parents in School	84.335A		24,545
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		152,389
Passed through California Department of Education			
Adult Basic Education & ELA	84.002A	14508	255,040
Adult Secondary Education	84.002	13978	64,040
Subtotal			319,080
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Title I, Part C	84.048A	22-017	664,203
Passed through California Department of Rehabilitation			
State Vocational Rehabilitation Services Program	84.126A	31080	234,206
Total U.S. Department of Education			18,847,652
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]	1,592,791
Total U.S. Department of the Treasury			1,592,791

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04370-CACFP-33-CC-IC	$ 48,598
Total U.S. Department of Agriculture			48,598
U.S. Department of Veterans Affairs			
Vocational Rehabilitation of Disabled Veterans	64.116		3,559
Total U.S. Department of Veterans Affairs			3,559
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	1644261	101,192
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]	51,583
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant	93.575	15136	72,607
Child Care and Development Block Grant	93.575	15557	20,788
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	157,947
Subtotal Child Care and Development Fund (CCDF) Cluster			251,342
Total U.S. Department of Health and Human Services			302,925
Total Federal Financial Assistance			$ 20,896,717

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

Program	Program Revenues: Cash Received	Accounts Receivable (Payable)	Unearned Revenue	Total Revenue	Program Expenditures
Adult Education Program	$ 1,067,481	$ -	$ 635,093	$ 432,388	$ 432,388
Basic Needs Center	614,628	-	348,179	266,449	266,449
Cal Fresh Outreach	39,048	-	39,048	-	-
California Promise Grant	899,810	-	445,805	454,005	454,005
CalWORKS	566,100	-	17,668	548,432	548,432
Campus Safety	20,223	-	20,223	-	-
Child Development: California State Preschool Program	677,158	105,514	-	782,672	782,672
Child Development: General Childcare and Development	685,430	41,818	-	727,248	727,248
Classified Professional Decelopment Apportionment	47,553	-	47,553	-	-
College Promise Grants Admininstration	141,578	-	141,578	-	-
Cooperative Agencies for Education (CARE)	508,624	-	379,766	128,858	128,858
COVID Recovery Block Grant	5,852,013	-	5,188,093	663,920	663,920
Culturally Competent Faculty	50,434	-	50,434	-	-
Disabled Student Program and Services (DSPS)	1,618,889	-	346,786	1,272,103	1,272,103
Economic and Workforce Development	-	180,485	-	180,485	180,485
Equal Employment Opportunity Best Practice	208,333	-	208,333	-	-
Equal Employment Opportunity	138,888	-	133,956	4,932	4,932
Emergency Financial Assistance Supplemental	271,686	-	-	271,686	271,686
Extended Opportunity Program and Services (EOPS)	1,083,329	-	290,670	792,659	792,659
Farm to Fork	-	6,485	-	6,485	6,485
Financial Aid Technology	69,540	-	41,806	27,734	27,734
Full Time Faculty Hiring	1,318,517	-	1,318,517	-	-
Guided Pathways	709,336	-	481,625	227,711	227,711
Industry Sector Management	146,000	-	141,771	4,229	4,229
LAEP Learning Aligned Employment Program	3,512,090	-	3,512,090	-	-
LGBTQ+	66,630	-	60,018	6,612	6,612
Library Services Platform	11,841	-	156	11,685	11,685
Local and System-wide Technology and Data Security	307,000	-	107,000	200,000	200,000
Mental Health Support	439,558	-	439,558	-	-
MESA	461,602	28,000	307,478	182,124	182,124
Next Up	422,166	-	422,166	-	-
Nursing	302,131	-	-	302,131	302,131
Restricted lottery	920,861	346,334	-	1,267,195	1,267,195

Program	Program Revenues: Cash Received	Accounts Receivable (Payable)	Unearned Revenue	Total Revenue	Program Expenditures
Part-time Faculty Compensation	367,092	-	367,092	-	-
Restricted Instructional Equipment	9,515,404	(5,338,599)	636,045	3,540,760	3,540,760
Retention & Enrollment	2,042,651	(580,026)	1,016,444	446,181	446,181
Strong Workforce Program	4,288,703	252,264	3,017,857	1,523,110	1,523,110
Student Equity and Achievement	4,197,493	-	-	4,197,493	4,197,493
SFAA	508,782	619	29,632	479,769	479,769
Student Food and Housing Support	508,863	-	508,863	-	-
Student Success Completion Grant	5,386,769	-	2,451,786	2,934,983	2,934,983
Systemwide Technology and Data Security	50,000	-	50,000	-	-
Undocumented Resource Alliance	265,749	-	249,100	16,649	16,649
Veterans Resource Center	270,272	-	227,570	42,702	42,702
Veterans Program	35,676	-	35,676	-	-
Zero Textbook Cost Program	20,000	-	20,000	-	-
Zero Textbook Cost Program - One-Time Funds	180,000	-	180,000	-	-
Total state programs	$ 50,815,931	$ (4,957,106)	$ 23,915,435	$ 21,943,390	$ 21,943,390

CATEGORIES	Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	236.89	-	236.89
2. Credit	476.42	-	476.42
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	156.44	-	156.44
2. Credit	541.42	-	541.42
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,858.56	-	2,858.56
(b) Daily Census Contact Hours	347.84	-	347.84
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	337.77	-	337.77
(b) Credit	332.26	-	332.26
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,286.40	-	2,286.40
(b) Daily Census Procedure Courses	1,239.05	-	1,239.05
(c) Noncredit Independent Study/Distance Education Courses	405.75	-	405.75
D. Total FTES	9,218.80	-	9,218.80
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	1,104.15	-	1,104.15
2. Credit	69.55	-	69.55
CCFS-320 Addendum			
CDCP Noncredit FTES	1,058.00	-	1,058.00

*Including Career Development and College Preparation (CDCP) FTES.
**District submitted Annual Attendance Recalc on November 1, 2023.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 15,931,107	$ -	$ 15,931,107	$ 15,931,107	$ -	$ 15,931,107
Other	1300	9,293,165	-	9,293,165	9,293,165	-	9,293,165
Total Instructional Salaries		25,224,272	-	25,224,272	25,224,272	-	25,224,272
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,715,286	-	5,715,286
Other	1400	-	-	-	973,174	-	973,174
Total Noninstructional Salaries		-	-	-	6,688,460	-	6,688,460
Total Academic Salaries		25,224,272	-	25,224,272	31,912,732	-	31,912,732
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	14,286,902	-	14,286,902
Other	2300	-	-	-	645,957	-	645,957
Total Noninstructional Salaries		-	-	-	14,932,859	-	14,932,859
Instructional Aides							
Regular Status	2200	1,750,182	-	1,750,182	1,750,182	-	1,750,182
Other	2400	-	-	-	-	-	-
Total Instructional Aides		1,750,182	-	1,750,182	1,750,182	-	1,750,182
Total Classified Salaries		1,750,182	-	1,750,182	16,683,041	-	16,683,041
Employee Benefits	3000	11,183,949	-	11,183,949	21,268,755	-	21,268,755
Supplies and Material	4000	-	-	-	1,163,086	-	1,163,086
Other Operating Expenses	5000	-	-	-	7,508,639	-	7,508,639
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		38,158,403	-	38,158,403	78,536,253	-	78,536,253

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 58,674	$ -	$ 58,674
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	190,185	-	190,185
Objects to Exclude							
Rents and Leases	5060	-	-	-	183,267	-	183,267
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,540,236	$ -	$ 2,540,236
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	2,972,362	-	2,972,362
Total for ECS 84362, 50% Law		$38,158,403	$ -	$38,158,403	$75,563,891	$ -	$75,563,891
% of CEE (Instructional Salary Cost/Total CEE)		50.50%		50.50%	100.00%		100.00%
50% of Current Expense of Education					$37,781,945		$37,781,945

Activity Classification	Object Code			Unrestricted
EPA Revenues:	8630			$ 5,179,130
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 5,179,130	$ -	$ -	$ 5,179,130
Total Expenditures for EPA		$ 5,179,130	$ -	$ -	$ 5,179,130
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 35,770,984	
Special Revenue Funds	331,072	
Capital Project Funds	205,469,465	
Debt Service Funds	76,506,800	
Proprietary Funds	21,162,833	
Internal Service Funds	(2)	
Fiduciary Funds	4,880,716	
Total fund balance - all District funds		$ 344,121,868
Amounts held in trust on behalf of others (OPEB Trust Fund)		(4,880,716)
The District's contingent liability is reported in the Statement of Net Position.		(2,058,868)
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	587,430,297	
Accumulated depreciation is	(183,790,404)	
The cost of right-to-use leased assets is	1,876,481	
Accumulated amortization is	(1,437,572)	
The cost of right-to-use subcription IT assets is	2,713,313	
Accumulated amortization is	(1,902,275)	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		404,889,840
Lease and interest 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 and interest receivables	4,065,556	
Deferred inflows of resources related to leases	(3,681,883)	383,673
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	28,883,436	
Deferred outflows of resources related to OPEB	2,921,938	
Deferred outflows of resources related to pensions	28,243,661	
Total deferred outflows of resources		60,049,035
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.		(6,661,127)

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	$ (515,944,022)	
Lease liability	(483,214)	
Subscription-based IT arrangements	(811,038)	
Compensated absences	(2,096,388)	
Load banking	(566,646)	
Early retirement incentive	(1,737,744)	
Aggregate net other postemployment benefits (OPEB) liability	(6,122,998)	
Aggregate net pension liability	(80,699,033)	
Total long-term liabilities		$ (608,461,083)
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	(1,938,617)	
Deferred inflows of resources related to pensions	(9,921,276)	
Total deferred inflows of resources		(11,859,893)
Total net position		$ 175,522,729

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2023.

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

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. 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, 2023

Desert Community College District

CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities net position as of July 1, 2022. 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.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

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

To the Board of Trustees
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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompany schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

Independent Auditor's Report on State Compliance

To the Board of Trustees
Desert Community College District
Palm Desert, California

Report on State Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Section 426 – Students Actively Enrolled

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report paragraph, the Desert Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the State programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion for Each of the Other Programs

In our opinion, the Desert Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023, except as described in the accompanying schedule of findings and questioned costs.

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on Section 426 – Students Actively Enrolled

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding *Section 426 – Students Actively Enrolled*, as identified in finding 2023-003.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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 state 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 has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

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

Compliance Requirements Tested

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

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

The District reports no 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 State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

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 above that we identified during the audit.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

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	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
TRIO Cluster	84.042A, 84.044A, 84.047A
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

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

State Compliance

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

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

Name of Program
Section 426 - Students Actively Enrolled

None reported.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2023-001 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Number: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements

34 CFR section 668.173(b)
Returns of Title IV (R2T4) funds are required to be deposited or transferred into the Student Financial Aid (SFA) account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over Return to Title IV requirements, 7 of 60 Return to Title IV calculations did not have funds returned within the 45-day requirement.

Questioned Costs

There are no questioned costs associated with the condition identified. All funds were returned, however, not within the 45 day requirement.

Context

We tested a non-statistical sample of 60 R2T4 calculations of a total 277 calculations performed by the District during the 2023 aid year.

Effect

Without proper monitoring of the timing of student withdrawals and calculations of R2T4, the District risks noncompliance with the above referenced criteria.

Cause

The District did not implement procedures to ensure that the return to Title IV funds were returned in a timely manner.

Repeat Finding (Yes or No)

No.

Recommendation

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

Views of Responsible Officials and Corrective Action Plan

The District concurs with the finding. The District will establish procedures such as monthly reconciliation for return to Title IV calculations to identify the funds that need to be returned and ensure that funds are returned within 45 days.

2023-002 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant, the Federal Direct Loan and Federal Family Education Loan (FFEL) programs via the National Student Loan Data System (NSLDS).

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (*OMB No. 1845-0002*) mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal, or the NSLDS website (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309: Perkins 34 CFR 674.19(f)).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements we noted 2 of 42 student tested did not report withdrawal dates to NSLDS.

Questioned Costs

There are no questioned costs associated with the noncompliance.

Context

We tested a non-statistical sample of 42 status changes of a total 198 changes reported by the District during the 2023 aid year.

Effect

The District is not in compliance with the Federal enrollment reporting requirements described in the OMB Compliance Supplement.

Cause

The District did not report enrollment information for students that withdrew under the Pell Grant and Direct Loan Programs via NSLDS timely or accurately.

Repeat Finding (Yes or No)

No.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Views of Responsible Officials and Corrective Action Plan

The District concurs with the finding. The District will establish new procedures to verify student Enrollment Reporting Roster data before submission. This will allow the district to identify discrepancies and make necessary adjustments and to ensure accurate information is reflected in the NSLDS website.

The following findings represent instances of noncompliance and/or questioned costs relating to compliance with state laws and regulations.

2023-003 Section 426 – Students Actively Enrolled

Criteria or Specific Requirements

California Title 5 §58003.1(c): For credit courses scheduled to meet for five or more days and scheduled regularly with respect to the number of hours during each scheduled day, but not scheduled conterminously with the college's primary term established pursuant to subdivision (b), or scheduled during the summer or other intersession, the units of full-time equivalent student, exclusive of independent study and cooperative work-experience education courses, shall be computed by multiplying the daily student contact hours of active enrollment as of the census days nearest to one fifth of the length of the course by the number of days the course is scheduled to meet, and dividing by 525.

Condition

Significant Deficiency in Internal Control Over Compliance - During our testing over students actively enrolled census procedure, it was noted that 2 courses of the 25 classes tested had incorrect census dates.

Questioned Costs

There are no questioned costs associated with this condition.

Context

The District claimed 343.39 FTES for daily census procedure courses and 1,274.85 FTES for daily alternative attendance accounting procedure courses on its Annual Apportionment Attendance Report (CCFS-320). The District elected to perform 100% review of all census day calculations for daily census procedure courses and daily alternative attendance accounting procedure courses, resulting in an increase of 3.04 FTES census day calculations for daily census procedure courses and a decrease of 1.97 FTES for daily alternative attendance accounting procedure courses. The net increase in FTES was 1.07 and with an error rate of 0.04%.

Effect

Census dates were not calculated correctly leading to inaccurate claims of student contact hours and FTES.

Cause

Census dates were incorrectly calculated due to not including Saturdays and Sundays and counting legal holidays.

Repeat Finding (Yes or No)

No.

Recommendation

The District should implement daily census day procedure calculations that properly include Saturdays and Sundays, as applicable, and properly exclude legal holidays.

Views of Responsible Officials and Corrective Action Plan

The District concurs with the finding. The District will implement new annual procedures that accurately account for census data for all courses. This procedure will identify applicable Saturday and Sunday census information as well as identifying holidays that impact census information calculations. This will ensure that accurate census dates are calculated to reflect student contact hours and FTES.

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