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ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Allan Hancock Joint 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Allan Hancock Joint Community College 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 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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 listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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.

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Allan Hancock Community College District's (the District) 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 Financial Statements

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34) and No. 35, *Basic Financial Statements – and Management Discussion and Analysis - for Public College and Universities* (GASB Statement No. 35). These 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 financial statements presented herein include all of the activities of the District and its component unit. Separate financial statements for the blended component unit, Allan Hancock College Auxiliary Programs Corporation (the Corporation), can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by GASB Statements No. 34 and No. 35 in regard to interfund activity, payables, and receivables.

The District's audited financial statements include:

1) A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

2) Financial statements prepared using full accrual accounting for all the District's activities that reflect the government-wide financial picture as opposed to individual fund financial statements.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows

The *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes in it. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the District facilities will likely be important components in this evaluation.

The *Statement of Cash Flows* provides an analysis of the sources and uses of all cash within the operations of the District.

FINANCIAL HIGHLIGHTS

Net Position

The District's net position was $84,747,071 for the fiscal year ended June 30, 2023. Of this amount, ($17,229,420) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations. Our analysis below focuses on net position and change in net position of the District's business-type activities.

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 118,799,980	$ 111,178,240	$ 7,621,740
Noncurrent assets	241,606,563	228,662,404	12,944,159
Deferred outflows of resources	31,338,435	21,770,641	9,567,794
Total Assets and Deferred Outflows of Resources	391,744,978	361,611,285	30,133,693
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	43,858,998	26,768,028	17,090,970
Noncurrent liabilities	255,638,697	226,676,363	28,962,334
Deferred inflows of resources	7,500,212	28,344,880	(20,844,668)
Total Liabilities and Deferred Inflows of Resources	306,997,907	281,789,271	25,208,636
NET POSITION			
Invested in capital assets, net of related debt	62,245,341	55,243,974	7,001,367
Restricted	39,731,150	47,338,558	(7,607,408)
Unrestricted	(17,229,420)	(22,760,518)	5,531,098
Total Net Position	$ 84,747,071	$ 79,822,014	$ 4,925,057

This schedule has been prepared from the District's *Statement of Net Position* (page 12), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and short-term investments consist primarily of funds held in the County Treasury. The changes in cash position is explained in the *Statement of Cash Flows* (pages 14-15).

Much of the unrestricted deficit net position has been designated by the Board or by contracts for such purposes as Federal and State grants, outstanding commitments on contracts, debt service, and general reserves for the ongoing financial health of the District.

FINANCIAL HIGHLIGHTS, continued

Change in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* (page 13) presents the operating results of the District, as well as the nonoperating revenues and expenses. State general apportionment, while budgeted for operations, is considered nonoperating revenues by generally accepted accounting principles.

	2023	2022	Change
OPERATING REVENUES			
Student tuition and fees	$ 5,100,610	$ 3,850,367	$ 1,250,243
Federal grants and contracts, noncapital	13,170,422	17,489,504	(4,319,082)
State grants and contracts, noncapital	21,211,324	32,256,486	(11,045,162)
Local grants and contracts, noncapital	491,965	394,734	97,231
Total Operating Revenues	39,974,321	53,991,091	(3,068,839)
OPERATING EXPENSES			
Salaries and benefits	74,637,167	68,566,725	6,070,442
Supplies, materials, and other operating expenses	23,922,253	28,057,611	(4,135,358)
Student financial aid	24,654,401	19,110,649	5,543,752
Depreciation	8,072,597	7,638,244	434,353
Total Operating Expenses	131,286,418	123,373,229	7,913,189
Operating Loss	(91,312,097)	(69,382,138)	(10,982,028)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	48,212,570	43,069,297	5,143,273
Property taxes	31,597,077	29,019,534	2,577,543
Federal and State financial aid grants	14,580,833	12,815,527	1,765,306
State revenues	3,320,479	2,783,687	536,792
Interest expense, net	(6,563,737)	(7,372,371)	808,634
Other transfers in (out)	73,723	(4,800,468)	4,874,191
Local grants and other non-operating revenues	4,914,793	20,882,060	(15,967,267)
Total Non-Operating Revenues (Expenses)	96,135,738	96,397,266	(261,528)
OTHER REVENUES (EXPENSES)			
State and local capital income	101,416	85,909	15,507
Total Other Revenue (Expenses)	101,416	85,909	15,507
Change in Net Position	4,925,057	27,101,037	(11,228,049)
NET POSITION, BEGINNING OF YEAR	79,822,014	52,843,865	26,978,149
PRIOR PERIOD ADJUSTMENT	-	(122,888)	122,888
NET POSITION, END OF YEAR	$ 84,747,071	$ 79,822,014	$ 4,925,057

FINANCIAL HIGHLIGHTS, continued

Change in Net Position, continued

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of $91,312,097 is balanced by other funding sources. Total District revenues exceeded total expenses by $4,925,057 for the year ended June 30, 2023.

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

Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 12 of the financial statements.

Cash Flows

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

Cash Provided by (Used in)	2023	2022	Change
Operating activities	$ (68,270,870)	$ (58,413,738)	$ (9,857,132)
Noncapital financing activities	94,041,487	101,585,383	(7,543,896)
Capital financing activities	(22,915,602)	(26,589,695)	3,674,093
Investing activities	870,243	194,953	675,290
Net Increase (Decrease) in Cash	3,725,258	16,776,903	(13,051,645)
Cash, Beginning of Year	102,742,522	85,965,619	16,776,903
Cash, End of Year	$ 106,467,780	$ 102,742,522	$ 3,725,258

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had $238,827,681 in a broad range of capital assets including land, construction in progress, buildings, and furniture and equipment. During the year, the District also continued to modernize and refurbish various sites.

Note 8 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	2023	2022	Change
Land and construction in progress	$ 75,005,746	$ 56,799,808	$ 18,205,938
Buildings and improvements	226,998,520	225,894,525	1,103,995
Furniture and equipment	29,100,161	28,255,691	844,470
Total Capital Assets	331,104,427	310,950,024	20,154,403
Less accumulated depreciation	(92,276,746)	(85,640,700)	(6,636,046)
Capital Assets, Net	$ 238,827,681	$ 225,309,324	$ 13,518,357

Long-Term Obligations

At the end of this year, the District had $261,481,937 in outstanding long-term obligations. This is primarily made up of $185,976,048 of general obligation bonds.

Note 12 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

	2023	2022	Change
General obligation bonds	$ 185,976,048	$ 186,903,407	$ (927,359)
Lease liability	987,673	1,368,096	(380,423)
Software lease liability	1,492,315	-	1,492,315
Compensated absences	2,708,127	2,205,612	502,515
Net pension liability	70,317,774	42,384,924	27,932,850
Total Long-term Liabilities	$ 261,481,937	$ 232,862,039	$ 28,619,898

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $70,317,774 versus $42,384,924 last year, an increase of $27,932,850, or 65.9 percent.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

The college returned to a more balanced on-line/in person ratio, post COVID pandemic. Students enrolled in in-person classes in greater proportions than the two prior years, while there is still a demand for on-line courses, as well. Enrollment numbers are slowly marching back to pre-COVID levels with each successive term. This is important to college finances as the state calculates our apportionment each year, and a significant portion of that calculation is based on enrollment.

Through various governmental reports and financial documents, the college ensures that budgets and resource allocation have a high degree of credibility and accuracy. The college presents budgets to the board of trustees for adoption three times each fiscal year. The tentative budget is presented in June and is based on collaborative work between departments and budget managers. Decisions and adjustments are made utilizing program reviews, annual updates, state guidance and shared governance groups such as Budget Council, Resource Alignment Committee, Information Technology Council and Facilities Council. The adopted budget, approved by the Board of Trustees in September, encompasses final state allocations and awards and is balanced with unrestricted general fund reserves that exceed the minimum state recommended levels. The revised adopted budget is presented in the Spring and includes any updates for new or revised state and federal awards and allocations and collective bargaining agreements. The college ended FY2023 in excellent shape, with strong reserves and a healthy amount of funds for future capital improvements.

The college routinely monitors financial activity using various reports. Monthly, year-to-date financial statements for college funds are presented to and reviewed by the board of trustees. External reporting is comprised of quarterly and annual financial reporting to the Chancellor's Office and the ACCJC Annual Fiscal Report. Other internal monitoring of budgets and resource allocations is done by the Measure I Citizen Bond Oversight Committee and the Auxiliary Programs Board.

The 2023 FY marked the end of a number of grants distributed by state and federal agencies in response to the COVID pandemic. The largest of the grants, the $30.29M HEERF funds, which were used over three years (2020-2023) to meet student financial needs and institutional needs, were completely expended by June 30, 2023. The college also received a $5.3M COVID 19 Recovery Block Grant, which will be spent over the next five years to improve services to students, provide training to faculty and staff and create a new gathering center for LGBTQ students.

The annual state apportionment continues to grow apace with cost of living increases while some of the COVID protections were eliminated. For example, the 2023 FY was the last year the state provided an emergency conditions allowance (ECA). The ECA was added into the apportionment to account for losses in funds due to decreases in enrollments, tax revenues and other sources of income.

The $8.38M in deferred maintenance funds received by the state also took a significant reduction. As a result of state budget deficits, 60% of deferred maintenance funds were recouped by the state, which reduced our allocation from $8.38M to $3.4M. The college split the funds with 80% ($2.7M) going toward capital projects and the remaining 20% ($679K) going toward instructional needs. Colleges were given five years to expend the funds. The maintenance funds were used to complete some small projects, and are expected to be fully used on two remaining large projects: 1) replacement of roofs on Buildings 1, 2, 3 & 4 at the Lompoc Valley Center; and 2) retrofitting the fire alarm system both at Lompoc Valley Center and on the Santa Maria campus. Instructional funds will be spent over the five year timeline on various classroom equipment.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW, continued:

In December of 21, the college reallocated $4,542,528 from the country treasury to an irrevocable trust as a partial offset against future CalSTRS and CalPERS employer contribution rate increases. Assets contributed to the irrevocable Trust, based on Section 115 trust rules and an IRS Private Letter Ruling from June 2015 specific to the Trust, may only be withdrawn to pay pension costs related to the retirement systems. While the Trust took a dip soon after the initial investment, it slowly built up over the course of the year. The college has not yet taken a disbursement from this Trust, largely due to prudent budget decisions throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES 2023-2024

Fiscal year 2024 will be slightly more challenging than the prior year. The state extended the tax filing deadline from the normal April 15th date to November 15th. This brings a relative amount of uncertainty to the FY 24 budget at least until mid way through the FY. The state normally provides final apportionment numbers prior to the September adoption of the annual budget. As a result of the uncertainty, the college followed state recommendations and built a cushion into the unrestricted budget by withholding 2.2926% of the expected apportionment. That percentage equates to $1.83M dollars.

With the Fine Arts Complex project and the PCPA Stagecraft building nearing completion, the Bond Measure I funds are over 98% expended. The last project will be the demolition of building O-300, which will finish up in January 2024. The college still has a healthy capital project reserve but needs to consider a new bond measure to continuing upgrading and expanding the campus and its offerings to students.

As a result of the 60% reduction in state allocated deferred maintenance funds, the college adjusted priorities for ongoing maintenance needs. Most new projects will be funded through a $1M capital reserve set aside for emerging needs. The college will prioritize these needs and route them through facilities and budget council to discuss impacts to the campus and its students.

Management will continue to closely monitor all economic factors, including cash, in an effort to manage the District's financial health.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: Allan Hancock Joint Community College District, Business Services, 800 South College Drive, Santa Maria, CA, 93454-6399 or call (805) 922-6966, ext. 3268.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2023

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 106,467,780
Accounts receivable, net	11,998,400
Due from fiduciary funds, net	52,887
Prepaid expenses	280,913
Total Current Assets	118,799,980
Noncurrent Assets:	
Net Plan Assets - OPEB Trusts	382,019
Lease receivable	58,905
Right-of-use assets, net	2,337,958
Capital assets, net	238,827,681
Total Noncurrent Assets	241,606,563
TOTAL ASSETS	360,406,543
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	6,212,811
Deferred outflows related to OPEB	2,678,661
Deferred outflows related to pensions	22,446,963
TOTAL DEFERRED OUTFLOWS OF RESOURCES	31,338,435
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 391,744,978
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 13,533,487
Interest payable	2,303,991
Unearned revenue	22,178,280
Long-term debt, current portion	5,843,240
Total Current Liabilities	43,858,998
Noncurrent Liabilities:	
Net pension liability	70,317,774
Long-term debt, non-current portion	185,320,923
Total Noncurrent Liabilities	255,638,697
TOTAL LIABILITIES	299,497,695
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	56,751
Deferred inflows of resources related to OPEB	1,114,386
Deferred inflows related to pensions	6,329,075
TOTAL DEFERRED INFLOWS OF RESOURCES	7,500,212
NET POSITION	
Net investment in capital assets	62,245,341
Restricted for:	
Debt service	11,596,401
Capital projects	15,075,263
Educational programs	10,875,537
Other special purposes	2,183,949
Unrestricted	(17,229,420)
TOTAL NET POSITION	84,747,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 391,744,978

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Tuition and fees	$ 9,676,874
Less: Scholarship discounts and allowances	(4,576,264)
Net tuition and fees	5,100,610
Grants and Contracts, Noncapital	
Federal	13,170,422
State	21,211,324
Local	491,965
TOTAL OPERATING REVENUES	39,974,321
OPERATING EXPENSES	
Salaries	57,286,141
Employee benefits	17,351,026
Supplies, materials, and other operating expenses and services	23,922,253
Student aid	24,654,401
Depreciation and amortization	8,072,597
TOTAL OPERATING EXPENSES	131,286,418
OPERATING INCOME (LOSS)	(91,312,097)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	48,212,570
Local property taxes	23,124,154
Taxes levied for other speific purposes	8,472,923
Federal financial aid grants, noncapital	11,956,292
State financial aid grants, noncapital	2,624,541
State taxes and other revenues	3,320,479
Investment income, noncapital	870,243
Interest expense on capital asset-related debt	(8,045,049)
Investment income on capital asset-related debt	611,069
Other financing sources (uses)	73,723
Local grants and other non-operating income	4,914,793
TOTAL NON-OPERATING REVENUES (EXPENSES)	96,135,738
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	4,823,641
Local revenues, capital	101,416
TOTAL OTHER REVENUES	101,416
CHANGE IN NET POSITION	4,925,057
NET POSITION, BEGINNING OF YEAR	79,822,014
NET POSITION, END OF YEAR	$ 84,747,071

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 4,385,108
Grants and contracts	43,470,852
Payments to students	(24,654,401)
Payments to or on behalf of employees	(75,344,832)
Payments to vendors	(16,127,597)
Net Cash Provided (Used) by Operating Activities	(68,270,870)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	46,400,978
Property taxes - non debt related	23,124,154
State taxes and other apportionments	3,320,479
Local grants and other non-operating revenues	6,399,946
Financial aid	14,580,833
Other Sources (Uses)	215,097
Net Cash Provided (Used) by Non-capital Financing Activities	94,041,487
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(20,519,166)
Local revenue, capital projects	101,416
Local property taxes and other revenues for capital purposes	8,472,923
Principal paid on capital debt	(2,940,000)
Principal paid on leases	(1,076,400)
Interest paid on capital debt	(7,199,278)
Interest received on capital debt	244,903
Net Cash Provided (Used) by Capital Financing Activities	(22,915,602)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	870,243
Net Cash Provided (Used) by Investing Activities	870,243
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	3,725,258
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	102,742,522
CASH & CASH EQUIVALENTS, END OF YEAR	$ 106,467,780

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (91,312,097)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and amortization expense	8,072,597
Changes in Assets and Liabilities:	
Accounts receivables, net	(1,017,730)
Prepaid expenses	(97,899)
Net OPEB asset	1,672,584
Deferred outflows of resources	(10,089,696)
Accounts payable and accrued liabilities	7,260,706
Unearned revenue	8,899,369
Compensated absences	502,515
Net pension liability	27,932,850
Deferred inflows of resources	(20,094,069)
Total Adjustments	23,041,227
Net Cash Flows From Operating Activities	$ (68,270,870)

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Retiree OPEB Trust	Other Trusts
Assets		
Cash and Equivalents	$ 63,965	$ 5,431,814
Investments	9,461,599	-
Accounts Receivable	235	8,763
Total Assets	9,525,799	5,440,577
Liabilities		
Accounts payable	1,058	76,749
Deferred Revenue	-	7,245
Total Liabilities	1,058	83,994
Net Position		
Restricted for postemployment benefits other than pensions	9,524,741	-
Unrestricted	-	5,356,583
Total Net Position	$ 9,524,741	$ 5,356,583

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2023

	Retiree OPEB Trust	Other Trusts
Additions		
Interest and investment income, net	$ 697,901	$ -
Local revenues	-	398,808
Total Additions	697,901	398,808
Deductions		
Academic salaries	-	14,193
Classified salaries	-	12,303
Employee benefits	1,179	-
Books and supplies	-	95,044
Administrative expenses	5,713	-
Services and operating expenditures	-	68,744
Capital outlay	-	62,316
Total Deductions	6,892	252,600
Change in Net Position	691,009	146,208
Net Position - Beginning of Year	8,833,732	5,210,375
Net Position - End of Year	$ 9,524,741	$ 5,356,583

NOTE 1 – ORGANIZATION

Allan Hancock Joint Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Santa Barbara (the County), in the State of California (the State). 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, as well as all other funds, but these budgets are managed at the department level. The District consists of one community college located in Santa Maria, California, with multiple satellite centers located in Lompoc, Solvang, and Vandenberg Space Force Base, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District has adopted GASB Statement No. 61, Determining Whether Certain Organizations are Component Units. This statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

NOTE 1 – ORGANIZATION, continued

The following entity met the criterion for inclusion as a "blended" component unit and is consolidated within the financial statements of the District:

The Allan Hancock College Programs Auxiliary Corporation

The Allan Hancock College Programs Auxiliary Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation is an auxiliary operation of the District and includes the Pacific Conservatory of Performing Arts (PCPA) and Associated Students Trust Fund. The purpose of the Corporation is to provide benefits to the educational programs and services for the District. The District supplies all staff and performs all administrative functions for the Corporation. Such common governance and administrative structure are the prime criteria used to evaluate the Corporation for inclusion in the accompanying financial statements as a blended component unit. Accordingly, the activities of the Corporation are accounted for in the District's business-type activities. Separate financial statements for the Corporation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399. Condensed component unit information for the Corporation (the District's blended component unit) for the year ended June 30, 2023, is as follows:

Condensed Combining Statement of Net Position

	PCPA	Associated Students Trust Fund	Total
Assets			
Current assets	$ 4,355,527	$ 272,305	$ 4,627,832
Liabilities			
Current liabilities	575,251	5,509	580,760
Net Position			
Restricted	3,780,276	266,796	4,047,072
Total Net Position	$ 3,780,276	$ 266,796	$ 4,047,072

NOTE 1 – ORGANIZATION, continued

Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position

	PCPA	Associated Students Trust Fund	Total
Operating Revenues			
Auxiliary enterprise sales and charges	$ 2,503,258	$ -	$ 2,503,258
Local revenue	83,075	213,783	296,858
Total Operating Revenues	2,586,333	213,783	2,800,116
Expenditures			
Operating expenses	4,155,751	300,678	4,456,429
Other Outgo	766,422	213,061	979,483
Total Expenditures	4,922,173	513,739	5,435,912
Other Financing Sources			
Financing Sources	2,783,056	177,047	2,960,103
Change in Net Position	447,216	(122,909)	324,307
Net Position - Beginning of Year	3,333,060	389,705	3,722,765
Net Position - End of Year	$ 3,780,276	$ 266,796	$ 4,047,072

Based upon the application of the criteria listed above, the following potential component units have been excluded from the District's reporting entity:

Allan Hancock College Viticulture and Enology Foundation

The Allan Hancock College Viticulture and Enology Foundation (the Viticulture Foundation) is a legally separate, not-for-profit corporation. The purpose of the Viticulture Foundation is to provide benefits to the educational programs and services for the District. The Viticulture Foundation is not included as a component unit because the economic resources received and held by the Viticulture Foundation are not significant to the District. Separate financial statements for the Viticulture Foundation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399.

Allan Hancock College Foundation

The Allan Hancock College Foundation (the Foundation) is a legally separate, not-for-profit corporation. The Foundation provides financial support for various college-related programs including student scholarships and awards, general department and program support, equipment purchases and capital improvements, and faculty research and teaching activities. The Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation is not included as a component unit because the economic resources received and held by the Foundation are not significant to the District and because the District does not control the timing of amount of receipts from the Foundation. Separate financial statements for the Foundation can be obtained from the Foundation's business office at 800 South College Drive, Santa Maria, CA 93454-6399. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, 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 prescribed 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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts.

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

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District including:
    - Statement of Net Position – Primary Government
    - Statement of Revenues, Expenses, and Changes in Net Position – Primary Government
    - Statement of Cash Flows – Primary Government
    - Financial Statements for the Fiduciary Funds Including:
        - Statement of Net Position – Fiduciary Funds
        - Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to Financial Statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2023, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than $150,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

Land improvements	20 - 50 years
Building and improvements	20 - 50 years
Equipment	3 - 10 years
Vehicles	3 - 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or the remaining life of the old debt, whichever is shorter.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/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 or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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 pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and 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 (the 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. Payments for the aggregate net pension obligation are made by the fund for which the employee worked.

Compensated Absences

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. 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. At year end, there was no outstanding liabilities for load banking. Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, compensated absences, capital leases, and the aggregate net pension obligation with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

> **Net Investment in Capital Assets:** Consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.
>
> **Restricted**: Net position is reported as restricted when there are limitations imposed on their use, either through 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 resources are available.
>
> **Unrestricted**: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position, continued

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $39,731,150 of restricted net position.

Operating 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 Statements No. 34 and No. 35. Classifications are as follows:

> **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
>
> **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

> **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
>
> **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

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

Property Taxes

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes, continued

The voters of the District passed a General Obligation Bond in 2006 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.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG) Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform* Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal-year 2022-23. The District has implemented GASB Statement No. 96 for the year ending June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d)terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

NOTE 3 – DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be 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	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
Mortgage Pass-Through Securities	5 years	None	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

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Authorized Under Debt Agreements

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

Deposits and investments as of June 30, 2023, consists of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 5,239,582	$ 5,495,779
Cash in revolving	27,275	-
Cash in County Treasury	101,200,923	-
Investments	-	9,461,599
Total Deposits and Investments	$ 106,467,780	$ 14,957,378

Interest Rate Risk

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

Specific Identification

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

Investment Type	Book Value	Fair Value	Weighted Average Maturity in Days
Santa Barbara County Investment Pool	$ 101,200,923	$ 97,834,341	643
Mutual Funds	9,461,599	9,461,599	N/A
Total	$ 110,662,522	$ 107,295,940	

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Credit Risk

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

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. 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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balance of $5,239,582 was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

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.

Uncategorized – Investments in the Santa Barbara County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share

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

Investment Type	Fair Value	Level I Inputs	Level 3 Inputs	Uncategorized
Santa Barbara County Investment Pool	$ 97,834,341	$ -	$ -	$ 97,834,341
Mutual Funds	9,461,599	9,461,599	-	-
Total	$ 107,295,940	$ 9,461,599	$ -	$ 97,834,341

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 2,970,794	$ -
State Government		
Apportionment	1,811,592	-
Categorical aid	909,293	-
Local Sources		
District Foundation	11,624	-
Interest	510,064	-
Other local sources	2,936,376	8,998
Total	$ 9,149,743	$ 8,998
Student receivables	$ 2,848,657	$ -

NOTE 6 – RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

	Adjusted Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Intangible Right of Use Assets:				
Leased vehicles	$ 241,809	$ -	$ -	$ 241,809
Leased equipment	366,155	-	-	366,155
Leased buildings	2,551,992	-	-	2,551,992
Total Intangible Right of Use Assets	3,159,956	-	-	3,159,956
Less Accumulated Amortization				
Leased vehicles	209,017	32,792	-	241,809
Leased equipment	198,290	73,231	-	271,521
Leased buildings	1,531,195	255,199	-	1,786,394
Total Accumulated Amortization	1,938,502	361,222	-	2,299,724
Intangible Right of Use Assets, net	$ 1,221,454	$ (361,222)	$ -	$ 860,232

NOTE 7 – LEASE RECEIVABLES AND ARRANGEMENTS

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 18,856	$ 1,944	$ 20,800
2025	19,625	1,175	20,800
2026	20,424	376	20,800
Total	$ 58,905	$ 3,495	$ 62,400

The District leases a building to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling $20,800. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Buildings	1	4.00%	8/21/2021 - 6/30/2026	$ 20,800

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets not being Depreciated				
Land	$ 3,758,448	$ -	$ -	$ 3,758,448
Construction in progress	53,041,360	18,205,938	-	71,247,298
Total Capital Assets Not Being Depreciated	56,799,808	18,205,938	-	75,005,746
Capital Assets Being Depreciated				
Land improvements	6,555,136	-	-	6,555,136
Buildings and improvements	219,339,389	1,103,995	-	220,443,384
Furniture and equipment	28,255,691	1,254,247	409,777	29,100,161
Total Capital Assets Being Depreciated	254,150,216	2,358,242	409,777	256,098,681
Total Capital Assets	310,950,024	20,564,180	409,777	331,104,427
Less Accumulated Depreciation				
Land improvements	4,723,365	222,839	-	4,946,204
Buildings and improvements	58,430,854	4,676,723	-	63,107,577
Furniture and equipment	22,486,481	2,101,247	364,763	24,222,965
Total Accumulated Depreciation	85,640,700	7,000,809	364,763	92,276,746
Net Capital Assets	$ 225,309,324	$ 13,563,371	$ 45,014	$ 238,827,681

Depreciation expense for the year was $7,000,809.

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2023, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 439,488	$ -
Construction	7,652,431	-
Professional services	-	-
Student liabilities	52,777	-
Apportionment	215,506	-
Foundation payable	6,928	-
State scheduled maintenance	3,987,636	-
Student retention & enrollment	511,509	-
Other	667,212	77,807
Total	$ 13,533,487	$ 77,807

NOTE 10 – UNEARNED REVENUE

Unearned revenue at June 30, 2023, consisted of the following:

	Primary Government	Fiduciary Funds
Federal financial assistance	$ 33,258	$ -
State grants and categorical aid	17,085,240	-
Enrollment fees	2,352,105	-
Local sources	2,707,677	7,245
Total	$ 22,178,280	$ 7,245

NOTE 11 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

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 governmental funds 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. As of June 30, 2023, the amounts owed to the primary government from the fiduciary funds were $52,887 and due to fiduciary funds from the primary government of $0.

Interfund Operating Transfers

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 funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2022-2023 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $0. The amount transferred to the primary government from the fiduciary funds amounted to $73,723.

NOTE 12 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2023 fiscal year consisted of the following:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Bonds Payable				
General obligation bonds	$ 177,522,364	$ 2,887,337	$ 2,940,000	$ 177,469,701
Unamortized bond premium	9,381,043	-	874,696	8,506,347
Total Bonds Payable	186,903,407	2,887,337	3,814,696	185,976,048
Other Long-Term Obligations				
Lease liability	1,368,096	-	380,423	987,673
Software lease liability	-	2,188,292	695,977	1,492,315
Compensated absences	2,205,612	502,515	-	2,708,127
Net pension liability	42,384,924	27,932,850	-	70,317,774
Total Other Long-Term Obligations	45,958,632	30,623,657	1,076,400	75,505,889
Total Long-Term Obligations	$ 232,862,039	$ 33,510,994	$ 4,891,096	$ 261,481,937

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The leases will be paid by the General Fund. Payments related to OPEB obligations will be paid by the fund for which the employee worked. Payments related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 15 for further details of the aggregate net pension obligation.

NOTE 12 – LONG-TERM OBLIGATIONS, continued

General Obligation Bonds

Bonded Debt

In September 2012, the District issued Election of 2006 Series C General Obligation Bonds in the amount of $38,996,200. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.70 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2047. At June 30, 2023, the principal balance outstanding was $54,409,701. Unamortized premium received on issuance of the bonds amounted to $125,161 as of June 30, 2023.

In December 2013, the District issued Election of 2006 Series D General Obligation Bonds in the amount of $8,773,376. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.75 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2039. The remaining principal balance of $65,000 fully matured in FY 2022-23. The unamortized premium was fully amortized as of June 30, 2023.

In October 2014, the District issued the $52,260,000 2014 General Obligation Refunding Bonds. The bonds have a final maturity which occurs on August 1, 2030, with interest rates from 2.00 to 5.00 percent. The net proceeds of $62,050,345 (representing the principal amount of $52,260,000 and premium on issuance of $9,790,345) from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds Series A. The refunding resulted in a cumulative cash flow saving of $5,978,913 over the life of the new debt and an economic gain of $4,736,721 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.440 percent. At June 30, 2023, the principal balance outstanding was $39,240,000. Unamortized premium received on issuance of the bonds and deferred amount on refunding were $4,407,266 and $2,294,477, respectively, as of June 30, 2023.

In November 2017, the District issued the 2017 General Obligation Refunding Bonds, Series A in the amount of $13,515,000. The bonds have a final maturity which occurs on August 1, 2038, with interest rates from 3.00 to 4.25 percent. The refunding bonds were issued as current interest bonds. The net proceeds of $14,509,302 (representing the principal amount of $13,515,000 and premium on issuance of $994,302) from the issuance were used to currently refund the District's outstanding Election of 2006 General Obligation Bonds, Series A, to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series B, and to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series C in the amount of $4,365,000, $760,000, and $7,504,661, respectively. The refunding resulted in a cumulative cash flow saving of $5,827,061 over the life of the new debt and an economic gain of $3,123,064 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.00 percent. As of June 30, 2023, the principal balance outstanding was $13,515,000, and unamortized premium on issuance and deferred amount on refunding were $696,012 and $1,252,216, respectively.

NOTE 12 – LONG-TERM OBLIGATIONS, continued

In October 2017, the District issued the 2017 General Obligation Refunding Bonds, Series B in the amount of $24,275,000. The bonds have a final maturity which occurs on August 1, 2034, with interest rates from 3.00 to 4.00 percent. The refunding bonds were issued as current interest bonds. The net proceeds of $26,832,650 (representing the principal amount of $24,275,000 and premium on issuance of $2,557,650) from the issuance were used to provide advance refunding on the crossover date of August 1, 2019, of the District's outstanding Election of 2006 General Obligation Bonds, Series B-1 in the amount of $25,625,000. As of June 30, 2023, the principal balance outstanding was $24,275,000, and unamortized premium on issuance was $1,534,590.

In May 2019, the District issued Election of 2006 Series E General Obligation Bonds in the amount of $23,000,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest rates of 3.00 percent to 5.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2044. At June 30, 2023, the principal balance outstanding was $21,995,000. Unamortized premium received on the issuance of the bonds amounted to $765,818 as of June 30, 2023.

In April 2020, the District issued Election of 2006 Series F General Obligation Bonds in the amount of $11,200,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest of 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045. At June 30, 2023, the principal balance outstanding was $11,200,000. Unamortized premium received on the issuance of the bonds amounted to $977,501 as of June 30, 2023.

In April 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $12,835,000. The bonds have a final maturity which occurs on August 1, 2039, with an interest rate of 3.21 percent. The refunding bonds were issued as current interest bonds. The net proceeds of $12,835,000 from the issuance were used to refund a portion of the District's outstanding prior bonds. The refunding resulted in an economic gain of $3,136,608 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. As of June 30, 2023, the principal balance outstanding was $12,835,000 and deferred amount on refunding was $2,666,118.

NOTE 12 – LONG-TERM OBLIGATIONS, continued

Debt Maturity

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
2012	8/1/2047	2.00 - 5.70%	$ 38,996,200	$ 51,522,364	$ 2,887,337	$ -	$ 54,409,701
2013	8/1/2039	2.00 - 4.75%	8,773,376	65,000	-	65,000	-
2014	8/1/2030	2.00 - 5.00%	52,260,000	41,990,000	-	2,750,000	39,240,000
2017	8/1/2038	3.00 - 4.25%	13,515,000	13,515,000	-	-	13,515,000
2017	8/1/2034	3.00 - 4.00%	24,275,000	24,275,000	-	-	24,275,000
2019	8/1/2044	3.00 - 5.00%	23,000,000	22,120,000	-	125,000	21,995,000
2020	8/1/2045	4.00%	11,200,000	11,200,000	-	-	11,200,000
2020	8/1/2039	3.21%	12,835,000	12,835,000	-	-	12,835,000
				$ 177,522,364	$ 2,887,337	$ 2,940,000	$ 177,469,701

The Series C bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	-	3,283,200	3,283,200
2034-2038	1,176,969	24,965,444	26,142,413
2039-2043	9,378,278	36,903,464	46,281,742
2044-2048	19,639,784	51,637,211	71,276,995
Accretion	24,214,670	(24,214,670)	-
Total	$ 54,409,701	$ 92,574,649	$ 146,984,350

NOTE 12 – LONG-TERM OBLIGATIONS, continued

The 2014 Refunding bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 2,990,000	$ 1,851,063	$ 4,841,063
2025	3,365,000	1,692,188	5,057,188
2026	3,910,000	1,510,313	5,420,313
2027	4,490,000	1,300,313	5,790,313
2028	5,130,000	1,059,813	6,189,813
2029-2031	19,355,000	1,447,344	20,802,344
Total	$ 39,240,000	$ 8,861,034	$ 48,101,034

The 2017 Refunding bonds, Series A, mature through 2039 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ -	$ 524,925	$ 524,925
2025	-	524,925	524,925
2026	-	524,925	524,925
2027	-	524,925	524,925
2028	-	524,925	524,925
2029-2033	-	2,624,625	2,624,625
2034-2038	9,325,000	2,170,700	11,495,700
2039	4,190,000	89,038	4,279,038
Total	$ 13,515,000	$ 7,508,988	$ 21,023,988

The 2017 Refunding bonds, Series B, mature through 2035 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 290,000	$ 962,650	$ 1,252,650
2025	295,000	950,950	1,245,950
2026	295,000	939,150	1,234,150
2027	300,000	927,250	1,227,250
2028	290,000	915,450	1,205,450
2029-2033	14,190,000	4,004,450	18,194,450
2034-2035	8,615,000	178,675	8,793,675
Total	$ 24,275,000	$ 8,878,575	$ 33,153,575

NOTE 12 – LONG-TERM OBLIGATIONS, continued

The Series E bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ -	$ 806,863	$ 806,863
2025	-	806,863	806,863
2026	-	806,863	806,863
2027	-	806,863	806,863
2028	-	806,863	806,863
2029-2033	1,560,000	3,808,313	5,368,313
2034-2038	4,525,000	3,379,613	7,904,613
2039-2043	9,570,000	1,779,500	11,349,500
2044-2045	6,340,000	209,788	6,549,788
Total	$ 21,995,000	$ 13,211,529	$ 35,206,529

The Series F bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ -	$ 448,000	$ 448,000
2025	-	448,000	448,000
2026	-	448,000	448,000
2027	-	448,000	448,000
2028	-	448,000	448,000
2029-2033	-	2,240,000	2,240,000
2034-2038	2,900,000	2,047,400	4,947,400
2039-2043	2,965,000	1,151,800	4,116,800
2044-2046	5,335,000	468,300	5,803,300
Total	$ 11,200,000	$ 8,147,500	$ 19,347,500

The 2020 Refunding bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest	Total
2024	$ -	$ 412,004	$ 412,004
2025	-	412,004	412,004
2026	-	412,004	412,004
2027	-	412,004	412,004
2028	-	412,004	412,004
2029-2033	-	2,060,018	2,060,018
2034-2038	3,495,000	1,861,559	5,356,559
2039-2040	9,340,000	280,153	9,620,153
Total	$ 12,835,000	$ 6,261,750	$ 19,096,750

NOTE 12 – LONG-TERM OBLIGATIONS, continued

Leases

The District has entered into agreements to lease equipment, vehicles, buildings and software. The lease agreements qualify as other than short-term leases under GASB 87 and 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	3	3.00%	7/6/2018 - 6/21/2025	$ 26,252
Vehicles	6	3.00%	3/1/2018 - 2/28/2023	$ 11,004
Building	1	3.00%	7/1/2016 - 6/30/2026	$ 302,196

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 338,238	$ 24,672	$ 362,910
2025	323,923	14,992	338,915
2026	325,512	5,191	330,703
Total	$ 987,673	$ 44,855	$ 1,032,528

Future minimum lease payments on noncancellable software leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 769,629	$ 25,525	$ 795,154
2025	557,717	9,889	567,606
2026	131,636	2,187	133,823
2026	33,333	368	33,701
Total	$ 1,492,315	$ 37,969	$ 1,530,284

Compensated Absences

At June 30, 2023, the liability for compensated absences was $2,708,128.

NOTE 13 – POSTEMPLOYEMENT BENEFITS

For the fiscal year ended June 30, 2023, the District reported net OPEB liability (asset) and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	$ (382,019)	$ 2,678,661	$ 1,114,386	$ (526,663)

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.

The Benefits Trust Company (BTC) administers the Allan Hancock Joint Community College District's 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.

Financial information for BTC can be found on the BTC website at: http://www.benefitstrust.org.

	Number of Participants
Inactive Employees Receiving Benefits	52
Active Employees	299
	351

NOTE 13 – POSTEMPLOYEMENT BENEFITS, continued

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the faculty union, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and the groups. For fiscal year 2022-23, the District’s OPEB was fully funded and no contributions were made.

Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) of ($382,019) was measured as of June 30, 2022, by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability (asset) as of the June 30, 2022 measurement date were as follows:

Total OPEB liability	$ 8,994,065
Plan fiduciary net position	9,376,084
District's net OPEB liability (asset)	$ (382,019)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.25%

The total OPEB liability (asset) in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.50%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

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

NOTE 13 – POSTEMPLOYMENT BENEFITS, continued

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and School 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 actual assumptions used in the June 30, 2022, valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Net OPEB Liability (Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2021	$ 9,010,706	$ 11,065,309	$ (2,054,603)
Changes for the year:			
Service cost	243,955	-	243,955
Interest	511,607	-	511,607
Employee contributions as Benefit Payments	-	105,306	(105,306)
Experience (Gains)/Losses	(494,210)	-	(494,210)
Changes of assumptions	192,338	-	192,338
Expected investment income	-	621,904	(621,904)
Investment gains/losses	-	(1,811,959)	1,811,959
Administrative expense	-	(3,497)	3,497
Expected benefit payments	(470,331)	(600,979)	130,648
Net change	(16,641)	(1,689,225)	1,672,584
Balance June 30, 2022	$ 8,994,065	$ 9,376,084	$ (382,019)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	Discount Rate 1% Lower (4.50%)	Current Discount Rate (5.50%)	Discount Rate 1% Higher (6.50%)
Net OPEB liability (asset)	$ 456,908	$ (382,019)	$ (1,114,106)

NOTE 13 – POSTEMPLOYMENT BENEFITS, continued

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

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

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability (asset)	$ (1,237,282)	$ (382,019)	$ 614,051

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB benefit of $526,663. At June 30, 2023, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 1,470,534	$ -
Differences between expected and actual experience	395	1,114,386
Change in assumptions	1,207,732	-
	$ 2,678,661	$ 1,114,386

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 394,359
2025	395,539
2026	388,256
2027	385,728
2028	23,337
Thereafter	(22,944)
	$ 1,564,275

NOTE 14 – RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2023, the District contracted with the Bay Area Community College Districts (BACCD), the Statewide Association of Community Colleges (SWACC), and the Self-Insured Schools of California (SISC III) Joint Powers Authorities (JPAs) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2023, the District contracted with the BACCD Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022-2023, the District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured for the first $10,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium 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	Tpe of Coverage	Limits
Santa Barbara County School SIPE	Workers' Compensation	$1,000,000
U.S. Specialty Underwriters	Excess Workers' Compenstation	$25,000,000
BACCD JPA	Property and Liability	$1,000,000 - $250,000,000

NOTE 15 – 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 CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2023, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 27,018,945	$ 7,344,246	$ 4,187,709	$ 2,404,435
CalPERS	43,298,829	15,102,717	2,141,366	6,251,398
Total	$ 70,317,774	$ 22,446,963	$ 6,329,075	$ 8,655,833

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 percent 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 non-employer contributing entity to the STRP.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	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 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 AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent 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 $4,391,937.

Pension Liabilities, Pension Expense, and 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:

District's proportionate share of the net pension liability	$	27,018,945
State's proportionate share of the net pension liability associated with the District		13,531,166
Total	$	40,550,111

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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 0.0389 percent and 0.0348 percent, respectively, resulting in a net increase in the proportionate share of 0.0041 percent.

For the year ended June 30, 2023, the District recognized pension expense of $2,404,435. In addition, the District recognized pension expense and revenue of ($1,012,024) 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
Difference between projected and actual earnings on plan investments	$ -	$ 1,322,133
Differences between expected and actual experience	22,164	2,025,524
Changes in assumptions	1,338,942	-
Net changes in proportionate share of net pension liability	1,591,203	840,052
District contributions subsequent to the measurement date	4,391,937	-
Total	$ 7,344,246	$ 4,187,709

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (160,065)
2025	(1,278,076)
2026	(1,428,154)
2027	2,003,904
2028	(280,076)
Thereafter	(92,933)
	$ (1,235,400)

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 45,888,189	$ 27,018,945	$ 11,351,798

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

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 provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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 $5,047,246.

Pension Liabilities, Pension Expense, and 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 $43,298,829. 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 0.1258 percent and 0.1306 percent, respectively, resulting in a net decrease in the proportionate share of 0.0048 percent.

For the year ended June 30, 2023, the District recognized pension expense of $6,251,398. 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
Difference between projected and actual earnings on plan investments	$ 5,112,415	$ -
Differences between expected and actual experience	195,686	1,077,330
Changes in assumptions	3,203,001	-
Net changes in proportionate share of net pension liability	1,544,369	1,064,036
District contributions subsequent to the measurement date	5,047,246	-
Total	$ 15,102,717	$ 2,141,366

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.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,321,821
2025	1,948,491
2026	792,432
2027	2,851,361
	$ 7,914,105

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update 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	2.50%
Wage growth	Varies by entry age and service

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

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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	Real Return Years 1 - 10**
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%
	100%	

*An expected inflation of 2.30% used for this period.
**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 62,547,351	$ 43,298,829	$ 27,390,632

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2023, which amounted to $2,170,651. No contributions were made for CalPERS for the year ended June 30, 2023. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

NOTE 16 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the BACCD JPA, SWACC, SISC III, and Santa Barbara County Schools SIPE. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs 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, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one Board member and one alternative to the Governing Board of BACCD and Santa Barbara County SIPE.

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

During the year ended June 30, 2023, the District made payments of $452,070, $5,579,464, and $432,671 to BACCD, SISC III, and SIPE, respectively.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
PCPA Stage Craft Bldg Relocation	$ 513,123	July 2023
Fine Arts Complex	1,575,265	October 2023
Student Health Services Building	1,529,091	January 2024
Team Buildings/Equipment Room	603,550	February 2024
LVC Roofing Replacement	1,281,533	February 2024
Other Capital Projects	1,118,261	2024
Total	$ 6,620,823	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 18 – FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2023 are:

	Salaries and Benefits	Supplies, Material and other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instruction	$ 29,848,638	$ 3,650,983	$ -	$ -	$ 33,499,621
Instructional Administration	5,795,866	1,199,480	-	-	6,995,346
Instructional Support Services	1,846,778	403,423	-	-	2,250,201
Admissions and Records	873,746	26,165	-	-	899,911
Counseling and Guidance	4,856,865	734,214	-	-	5,591,079
Other Student Services	7,047,065	2,349,928	-	-	9,396,993
Operations and Maintenance	4,357,223	4,755,691	-	-	9,112,914
Planning and Policy Making	2,298,257	623,587	-	-	2,921,844
General Institutional Services	8,964,447	4,579,128	-	-	13,543,575
Community Services	946,555	453,023	-	-	1,399,578
Ancillary Services	7,043,245	2,741,720	-	-	9,784,965
Auxiliary Operations	729,194	107,704	-	-	836,898
Physical Property and Related Acquisitions	29,288	2,297,207	-	-	2,326,495
Transfers and Student Payments	-	2,794,071	21,860,330	-	24,654,401
Depreciation	-	-	-	8,072,597	8,072,597
Total	$ 74,637,167	$ 26,716,324	$ 21,860,330	$ 8,072,597	$ 131,286,418

REQUIRED SUPPLEMENTARY INFORMATION

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 243,955	$ 232,844	$ 261,519	$ 151,615	$ 182,047	$ 389,747
Interest	511,607	498,224	508,441	447,390	441,012	428,206
Experience gains (losses)	(494,210)	115,033	(573,417)	(413,912)	-	-
Changes of assumptions	192,338	81,105	110,013	1,248,428	675	-
Benefit payments	(470,331)	(518,431)	(530,333)	(491,265)	(505,165)	(486,067)
Net change in total OPEB liability	(16,641)	408,775	(223,777)	942,256	118,569	331,886
Total OPEB liability, beginning of year	9,010,706	8,601,931	8,825,708	7,883,452	7,764,883	7,432,997
Total OPEB liability, end of year (a)	$ 8,994,065	$ 9,010,706	$ 8,601,931	$ 8,825,708	$ 7,883,452	$ 7,764,883
Plan fiduciary net position						
Employer contributions	$ -	$ -	$ 157,949	$ 491,265	$ 187,658	$ 1,525,633
Employer contributions as benefit payments	105,306	72,827	82,792	-	-	-
Expected investment income	621,904	550,369	545,631	526,317	510,303	800,978
Investment gains (losses)	(1,811,959)	1,361,848	(12,647)	(36,404)	5,917	-
Administrative expense	(3,497)	(64,249)	(82,415)	(80,509)	(82,902)	(74,291)
Expected benefit payments	(600,979)	(518,431)	(552,458)	(491,265)	(505,165)	(486,067)
Other	-	-	-	-	675	-
Change in plan fiduciary net position	(1,689,225)	1,402,364	138,852	409,404	116,486	1,766,253
Fiduciary trust net position, beginning of year	11,065,309	9,662,945	9,524,093	9,114,689	8,998,203	7,231,950
Fiduciary trust net position, end of year (b)	$ 9,376,084	$ 11,065,309	$ 9,662,945	$ 9,524,093	$ 9,114,689	$ 8,998,203
Net OPEB liability (asset), ending (a) - (b)	$ (382,019)	$ (2,054,603)	$ (1,061,014)	$ (698,385)	$ (1,231,237)	$ (1,233,320)
Covered payroll	$ 37,021,719	$ 35,367,089	$ 35,367,089	$ 38,492,439	$ 36,602,688	$ 34,993,144
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.25%	122.80%	112.33%	107.91%	115.62%	115.88%
Net OPEB liability (asset) as a percentage of covered payroll	-1.03%	-5.81%	-3.00%	-1.81%	-3.36%	-3.52%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 470,331	$ 470,331	$ 403,398	$ 530,333	$ 491,625	$ 472,675
Contributions in relations to the actuarially determined contribution	-	542,352	488,896	603,554	469,666	623,168
Contribution deficiency (excess)	$ 470,331	$ (72,021)	$ (85,498)	$ (73,221)	$ 21,959	$ (150,493)
Covered-employee payroll	$ 37,021,719	$ 35,367,089	$ 35,367,089	$ 38,492,439	$ 36,602,688	$ 34,993,144
Contribution as a percentage of covered-employee payroll	0.00%	1.53%	1.38%	1.57%	1.28%	1.78%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0389%	0.0348%	0.0369%	0.0370%	0.0376%
District's proportionate share of the net pension liability	$ 27,018,945	$ 15,829,773	$ 35,763,719	$ 33,416,920	$ 34,542,841
State's proportionate share of the net pension liability associated with the District	13,531,166	7,965,093	18,436,052	18,231,308	19,777,392
Total	$ 40,550,111	$ 23,794,866	$ 54,199,771	$ 51,648,228	$ 54,320,233
District's covered - employee payroll	$ 21,811,082	$ 19,907,814	$ 19,537,038	$ 19,921,437	$ 19,665,696
District's proportionate share of the net pension liability as percentage of covered-employee payroll	124%	80%	183%	168%	176%
Plan fiduciary net position as a percentage of the total pension liability	87%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.1258%	0.1306%	0.1213%	0.1176%	0.1152%
District's proportionate share of the net pension liability	$ 43,298,829	$ 26,555,151	$ 37,229,655	$ 34,283,498	$ 30,705,677
District's covered - employee payroll	$ 19,284,326	$ 18,742,527	$ 17,468,389	$ 16,295,266	$ 15,172,990
District's proportionate share of the net pension liability as percentage of covered-employee payroll	225%	142%	213%	210%	202%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	70%	70%	71%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)			
	2018	2017	2016	2015
CalSTRS	(2017)	(2016)	(2015)	(2014)
District's proportion of the net pension liability	0.0380%	0.0400%	0.0450%	0.0420%
District's proportionate share of the net pension liability	$ 34,975,009	$ 31,984,006	$ 29,940,012	$ 24,496,314
State's proportionate share of the net pension liability associated with the District	20,690,920	18,207,924	15,834,966	14,791,932
Total	$ 55,665,929	$ 50,191,930	$ 45,774,978	$ 39,288,246
District's covered - employee payroll	$ 19,266,447	$ 18,337,484	$ 17,842,340	$ 17,076,861
District's proportionate share of the net pension liability as percentage of covered-employee payroll	182%	174%	168%	143%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
	2018	2017	2016	2015
CalPERS	(2017)	(2016)	(2015)	(2014)
District's proportion of the net pension liability	0.1110%	0.1120%	0.1130%	0.1070%
District's proportionate share of the net pension liability	$ 26,558,153	$ 22,165,339	$ 16,580,009	$ 12,125,929
District's covered - employee payroll	$ 14,190,330	$ 13,457,508	$ 13,894,147	$ 14,354,658
District's proportionate share of the net pension liability as percentage of covered-employee payroll	187%	165%	119%	84%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 4,391,937	$ 3,690,435	$ 3,215,112	$ 3,542,065	$ 3,243,210
District's contributions in relation to the statutorily required contribution	4,391,937	3,690,435	3,215,112	3,542,065	3,243,210
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 22,994,435	$ 21,811,082	$ 19,907,814	$ 19,537,038	$ 19,921,437
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	18.13%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 5,047,246	$ 4,418,039	$ 3,879,703	$ 3,444,941	$ 2,943,251
District's contributions in relation to the statutorily required contribution	5,047,246	4,418,039	3,879,703	3,444,941	2,943,251
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,894,545	$ 19,284,326	$ 18,742,527	$ 17,468,389	$ 16,295,266
District's contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 2,837,760	$ 2,423,719	$ 1,967,612	$ 1,584,311
District's contributions in relation to the statutorily required contribution	2,837,760	2,423,719	1,967,612	1,584,311
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,665,696	$ 19,266,447	$ 18,337,484	$ 17,841,340
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,356,517	$ 1,970,753	$ 1,594,311	$ 1,635,480
District's contributions in relation to the statutorily required contribution	2,356,517	1,970,753	1,594,311	1,635,480
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,172,990	$ 14,190,330	$ 13,457,508	$ 13,894,147
District's contributions as a percentage of covered-employee payroll	15.53%	13.88%	11.85%	11.77%

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 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. There were no changes in benefit terms or assumptions in the current year.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation.

Changes of Assumptions - The discount rate was changed from 5.75 percent to 5.50 percent since the previous valuation.

Schedule of Contributions – OPEB

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.

Schedule of 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 position 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 assumptions since the previous valuation for CalSTRS. The plans discount rate was changed from 7.15 percent to 6.90 percent since the previous valuation for CalPERS.

Schedule of Contributions – 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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2023

Allan Hancock Joint Community College District was founded in 1920 when the Santa Maria High School District established Santa Maria Junior College, and is comprised of an area of approximately 3,000 square miles located in Santa Barbara County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

In September 1954, the community voted to establish the Santa Maria Joint Junior College District. In 1963, the Lompoc Unified School District and Santa Ynez Union High School District were annexed to the community college district, and the District was renamed the Allan Hancock Joint Community College District.

Today, the District includes all of northern Santa Barbara County and small parts of San Luis Obispo and Ventura counties, including the cities of Santa Maria, Lompoc, Cuyama, Guadalupe, Solvang, and Buellton and Vandenberg Space Force Base.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Gregory A. Pensa	President	2026
Hilda Zacarias	Vice President	2024
Jeffery Hall	Member	2024
Suzanne Levy, Ed.D.	Member	2024
Alejandra Enciso	Member	2026
Mirian Solano	Student Trustee	2023

ADMINISTRATION

Kevin G. Walthers, Ph.D. *Superintendent/President*	Dennis Curran *Associate Superintendent/Vice President,* Finance and Administration
Robert Curry, Ph. D. *Associate Superintendent/Vice President,* *Academic Affairs*	Genevieve Siwabessy, Ed.D. *Associate Superintendent/Vice President,* *Student Services*
Ruben Ramirez *Director, Human Resources*	Laura Becker *Director, Business Services*

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Allan Hancock College Foundation	Jon Hooten *Executive Director College Advancement*	Organized as an auxiliary organization in 1977 and has an original signed master agreement dated May 5, 1994 and a newly approved master agreement dated May 27, 2020.
Allan Hancock College Auxiliary Programs Corporation	Kevin G. Walthers, Ph.D. *Superintendent/President*	Organized as an auxiliary organization in 1996 and has a signed master agreement dated February 12, 1997.
Allan Hancock College Viticulture & Enology Foundation	Kevin G. Walthers, Ph.D. *Superintendent/President*	Organized as an auxiliary organization in 2014 and has a signed master agreement dated May 15, 2014 and amended January 1, 2016.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268	*	$ 592,632
Federal Pell Grant Program	84.063	*	11,090,810
Federal Pell Grant Program Administrative Allowance	84.063	*	14,355
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	272,850
Federal Supplemental Educational Opportunity Grants Administrative Allowance	84.007	*	4,014
Federal Work-Study Program	84.033	*	238,728
Total Student Financial Assistance Cluster			12,213,389
TRIO Cluster			
TRIO-Student Support Services	84.042A	*	244,441
Total TRIO Cluster			244,441
Title V - Developing Hispanic Serving Institutions (DHSI)	84.031S	*	677,834
Transitioning Gang-Involved Youth into Higher Education (TGIY) Yr1	84.116Y	*	104,672
Higher Education Emergency Relief Funds:			
COVID-19 HEERF II CRRSA Act - Student Aid	84.425E	*	509,271
COVID-19 HEERF II CRRSA Act - Institutional	84.425F	*	1,285,843
COVID-19 HEERF II CRRSA Act - Minority Serving Institutions	84.425L	*	449,985
COVID-19 HEERF III ARP - Student Aid	84.425E	*	5,907,130
COVID-19 HEERF III ARP - Institutional	84.425F	*	827,142
Total Higher Education Emergency Relief Funds			8,979,371
Child Care Access Means Parents in School (CCAMPIS)	84.335A	*	106,395
Passed through the California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part-C	84.048A	20-C01-610	681,923
Passed through West Hills Community College			
Community College Open Resource Partnership	84.116T	P116T200017	80,593
Total U.S. Department of Education			23,088,618
U.S. DEPARTMENT OF FINANCE			
Passed through the California Community College's Chancellor's Office			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-20-47898	563,311
Total U.S. Department of Finance			563,311
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Care Food Program	10.588	04380-CACFP-42-CC-IC	64,147
Passed through Chico State Enterprises			
Cal Fresh Outreach - Chico State	10.561	A22-0055-S008/ 22-0001-042-SF	39,411
Passed through the Cal Poly Corporation/California Polytechnic State University			
USDA Food Safety Subaward	10.328	2020-13-45645	6,016
Passed through Santa Barbara County Education Office			
Forest Reserve	10.665	*	5,972
Passed through California Department of Food & Agriculture			
Specialty Crop Block Grant Program - Farm Bill	10.170	A22-0055-S008	41,371
Total U.S. Department of Agriculture			156,917
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the California Community College's Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.588	*	64,998
Foster and Kinship Care Education Program (FKCE)	93.658	*	26,633
Total TANF Cluster			91,631
Passed through California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	28,536
Child Care Mandatory Matching Funds of the Child Care and Development Fund	93.596	13609	53,373
Child Care and Development ARPA COVID-19 AB131	93.575	14551	123,363
Total Child Care and Development Fund (CCDF) Cluster			205,272
Total U.S. Department of Health and Human Services			296,903
Balance Forward			$ 24,105,749

See accompanying note to supplementary information.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Balance Brought Forward			$ 24,105,749
National Science Foundation			
Advance Technical Education (ATE)	47.076	*	37,113
NSF ATE Broadening Participation in Plant/Agricultural Biotechnology	47.076	*	55,441
Engineering Neighbors: Gaining Access, Growing Engineers (ENGAGE)	47.076	*	216,974
Improving Undergraduate STEM Education (IUSE)	47.076	*	14,538
NSF LSAMP B2B Alliance	47.076	*	392,327
Passed through The Regents of the University of California, Santa Barbara			
Enhancing Success in Transfer Education for Engineering Majors (ESTEEM)	47.076	KK1727	154,829
Total National Science Foundation			871,222
U.S. DEPARTMENT OF LABOR, EMPLOYMENT and TRAINING ADMINISTRATION			
Passed through the County of Santa Barbara Department of Social Services			
Reintegration of Ex-Offenders – Pathway Home 2	17.270	PE-36546/CA-024	135,954
Total U.S. Department of Labor, Employment and Training Administration			135,954
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Services Annual Reporting Fee	64.000	*	1,648
Total U.S. Department of Veteran Affairs			1,648
U.S. DEPARTMENT OF DEFENSE			
Passed through the California Community Colleges, Centers for Applied Competitive Technologies (CACT)			
California Defense Ecosystem and National Consortium Effort (CADENCE)	12.600	MCS1292-20-01	1,049
California Advanced Supply Chain Analysis and Diversification Effort (CASCADE)	12.600	*	8,417
Total U.S. Department of Defense			9,466
Total Expenditures of Federal Awards			$ 25,124,039
AMOUNTS PROVIDED TO SUBRECIPIENTS			
NSF LSAMP B2B Alliance Yr1	47.076	*	
Cabrillo Community College District			$ 54,579
Monterey Peninsula College			18,116
San Luis Obispo County Community College District			33,588
Santa Barbara City College			45,870
Ventura College			60,953
Total Amounts Provided to Subrecipients			$ 213,106

**Pass-through entity identifying number not applicable*

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				Total
Program	Cash Received	Accounts Receivable (Payable)	Unearned Revenue	Total Revenue	Program Expenditures
AB19 CC Promise Program	$ 584,357	$ -	$ 210,431	$ 373,926	$ 373,926
AB104 Adult Education	1,637,941	-	1,007,053	630,888	630,888
Cal Grants - Financial Aid	1,155,268	4,458	-	1,159,726	1,159,726
Cal-SOAP Grant	670,617	132,456	-	803,073	425,714
Campus Safety and Sexual Assault	791	-	791	-	-
CCCCO Basic Needs Centers	528,421	-	283,410	245,011	245,011
CCCCO Basic Needs Housing	495,723	-	352,219	143,504	143,504
CCCCO Board Financial Assistance Program-Student Financial Aid Administration (BFAP-SFAA)	467,461	-	81,856	385,605	385,605
CCCCO CalWORKs	408,974	-	54,635	354,339	354,339
CCCCO Classified Professional Development AB1840	29,018	-	8,511	20,507	20,507
CCCCO Cooperating Agencies Foster Youth Educational Support (CAFYES-NEXTUP)	457,118	-	24,121	432,997	432,997
CCCCO Cooperative Agencies Resources for Education (CARE)	501,336	-	7,299	494,037	494,037
CCCCO COVID-19 Recovery Block Grant	5,151,904	-	5,142,404	9,500	9,500
CCCCO Culturally Competent Faculty Prof Dev	50,434	-	30,882	19,552	19,552
CCCCO Disabled Students Program and Services	1,048,442	-	84,828	963,614	963,614
CCCCO Dream Resource Liasion Support	145,912	-	87,244	58,668	58,668
CCCCO EEO Best Practices	308,333	-	270,094	38,239	38,239
CCCCO Emergency Financial Assistance Supplemental	234,521	-	234,521	-	-
CCCCO Extended Opportunity Program and Services (EOPS)	1,577,392	-	444,071	1,133,321	1,133,321
CCCCO Financial Aid Technology	59,431	-	9,856	49,575	49,575
CCCCO Foster Care Title IV-E (FKCE)	74,846	1,076	4,293	71,629	71,629
CCCCO Guided Pathways	401,265	-	324,464	76,801	76,801
CCCCO LGBTQ+ One-Time Funding	87,674	-	58,213	29,461	29,461
CCCCO Local & Systemwide Tech & Data Security	350,000	-	300,000	50,000	50,000
CCCCO Mental Health Support	475,382	-	376,743	98,639	98,639
CCCCO Nursing Education	75,776	-	-	75,776	75,776
CCCCO SB85 CalFresh Outreach	14,734	-	8,578	6,156	6,156
CCCCO SB85 Early Action Emergency Aid	382,581	-	382,581	-	-
CCCCO SB85 Retention & Enrollment Outreach	2,099,453	(511,509)	606,232	981,712	981,712
CCCCO Physical Plant (80%) & Instructional Support	6,704,278	(3,987,636)	-	2,716,642	2,716,642
CCCCO Physical Plant & Instructional Support (20%)	1,676,069	(996,909)	-	679,160	248,090
CCCCO SFRF Emergency Financial Assistance	1,311,739	-	1,311,739	-	-
CCCCO Staff Diversity - Equal Employment Opp (EEO)	217,658	-	150,653	67,005	67,005
CCCCO Strong Workforce (Local)	3,253,814	-	1,876,013	1,377,801	1,377,801
CCCCO Student Equity and Achievement (SEAP)	4,345,862	-	414,201	3,931,661	3,931,661
CCCCO Student Housing (Planning)	185,000	-	168,015	16,985	16,985
CCCCO Veterans Resource Center	235,016	-	157,254	77,762	77,762
CCCCO Zero Textbook Cost Program	200,000	-	176,280	23,720	23,720
CDE CA State Preschool Program	402,559	(8,172)	-	394,387	294,276
CDE SB89 COVID-19 CSCP Grant (Lompoc)	260	-	260	-	-
CDE SB89 COVID-19 CSCP Grant (Santa Maria)	1,020	-	1,020	-	-
Child and Adult Care Food Program (CACFP)	3,137	525	114	3,548	3,035
Child Center Care General/Title V	439,919	-	-	439,919	407,138
Child Development Training Consortium	13,800	-	-	13,800	13,800
Coastal California Civic Leadership (#CA4All) Dreamers	-	78,845	-	78,845	78,845
CTE Data Unlocked SubAgreee RSC	8,954	-	8,954	-	-
Mechanics of Inclusion	82,214	10,725	-	92,939	50,404
MESA	528,425	-	360,911	167,514	167,514
Rising Scholars Network Grant Yr1	172,000	-	20,369	151,631	151,631
Peace Officer Standards & Trng (POST)	5,325	-	-	5,325	3,368
Puente Project	50,500	-	45,000	5,500	5,500
Reg Collab & Coord Economic Workforce Dev (EWD)	173,290	-	173,290	-	-
Regional Equity & Recovery Partnership (RERP)	72,825	-	72,825	-	-
Regional Strong Workforce	1,950,954	-	993,182	957,772	957,772
Santa Barbara County Children's Ctr Grants	11,000	-	295	10,705	10,705
Santa Barbara QRIS Grant	47,790	-	44,734	3,056	3,056
Student Success Completion (SSG)	2,755,745	(576,129)	714,801	1,464,815	1,464,815
Total Expenditures of State Awards	$ 44,324,258	$ (5,852,270)	$ 17,085,240	$ 21,386,748	$ 20,400,422

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	66.13	-	66.13
2. Credit	86.48	-	86.48
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	532.59	-	532.59
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,256.12	-	3,256.12
(b) Daily Census Contact Hours	650.36	-	650.36
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	445.78	-	445.78
(b) Credit	746.77	-	746.77
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,178.81	-	1,178.81
(b) Daily Census Contact Hours	555.09	-	555.09
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,518.13	-	7,518.13
Supplemental Information (subset of above information)			
E. In-service Training Courses	14.62	-	14.62
F. Basic Skills Courses and Immigrant Education			
1. Credit	17.97	-	17.97
2. Noncredit	400.15	-	400.15
Total Basic Skills FTES	418.12	-	418.12

See accompanying note to supplementary information.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 10,417,725	$ -	$ 10,417,725	$ 10,417,725	$ -	$ 10,417,725
Other	1300	7,970,994	-	7,970,994	7,993,836	-	7,993,836
Total Instructional Salaries		18,388,719	-	18,388,719	18,411,561	-	18,411,561
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,523,202		5,523,202
Other	1400	-	-	-	859,777	-	859,777
Total Non-Instructional Salaries		-	-	-	6,382,979	-	6,382,979
Total Academic Salaries		18,388,719	-	18,388,719	24,794,540	-	24,794,540
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	10,440,006	-	10,440,006
Other	2300	-	-	-	802,546	-	802,546
Total Non-Instructional Salaries		-	-	-	11,242,552	-	11,242,552
Instructional Aides							
Regular Status	2200	982,810	-	982,810	997,106	-	997,106
Other	2400	562,560	-	562,560	595,717	-	595,717
Total Instructional Aides		1,545,370	-	1,545,370	1,592,823	-	1,592,823
Total Classsified Salaries		1,545,370	-	1,545,370	12,835,375	-	12,835,375
Employee Benefits	3000	6,760,462	-	6,760,462	12,999,860	-	12,999,860
Supplies and Materials	4000	-	-	-	1,485,559	-	1,485,559
Other Operating Expenses	5000	1,113,471	-	1,113,471	5,768,731	-	5,768,731
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		27,808,022	-	27,808,022	57,884,065	-	57,884,065
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	374,643	-	374,643	508,069	-	508,069
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	480,066	-	480,066
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	1,946,848	-	1,946,848
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	591,998	-	591,998
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	591,998	-	591,998
Other Operating Expenses and Services	5000	-	-	-	790,132	-	790,132
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 374,643	$ -	$ 374,643	$ 4,317,113	$ -	$ 4,317,113
Total for ECS 84362, 50% Law		$ 27,433,379	$ -	$ 27,433,379	$ 53,566,952	$ -	$ 53,566,952
Percent of CEE (Instructional Salary Cost/Total CEE)		51.21%	0.00%	51.21%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 26,783,476	$ -	$ 26,783,476

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

EPA Revenue	$ 10,467,717

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 10,467,717	$ -	$ -	$ 10,467,717
Total		$ 10,467,717	$ -	$ -	$ 10,467,717

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
JUNE 30, 2023

Total Fund Balance - District Funds Included in the Reporting Entity:		
General Fund	$ 38,789,459	
Debt Service Fund	11,596,401	
Child Development Fund	561,721	
Internal Service Funds	2,685,674	
PCPA Fund	3,780,276	
Capital Projects Funds	24,468,971	
Student Financial Aid Fund	21,809	
Other Funds	603,225	$ 82,507,536
Assets recorded within the statements of net position not included in the District fund financial statements:		
Capital assets	331,104,427	
Intangible right of use assets	5,348,248	
Accumulated depreciation and amortization	(95,287,036)	241,165,639
Net OPEB Asset		382,019
Unmatured Interest		(2,303,991)
Lease Receivable		58,905
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refunding		6,212,811
Deferred outflows related to OPEB		2,678,661
Deferred outflows related to pensions		22,446,963
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	177,469,701	
Premiums, net	8,506,347	
Lease liability	987,673	
Software lease liability	1,492,315	
Compensated absences	2,127,450	
Net pension liability	70,317,774	(260,901,260)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to leases		(56,751)
Deferred inflows related to OPEB		(1,114,386)
Deferred inflows related to pensions		(6,329,075)
Net Position Reported Within the Statement of Net Position		$ 84,747,071

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

ECS 84362 requires the District to expend a minimum of 50 percent 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 the District's summary of receipts and uses of the monies received through the EPA.

NOTE 1 - PURPOSE OF SCHEDULES, continued

Reconciliation of Fund Equity to 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 entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Allan Hancock Joint 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 31, 2023.

Adoption of New Accounting Standard
As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allan Hancock Joint Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 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 District complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

Auditors' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

Report on State Compliance

Opinion on State Compliance

We have audited Allan Hancock Joint Community College District's (the District) compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Allan Hancock Joint Community College 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 program. Our audit does not provide a legal determination of Allan Hancock Joint Community College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster
84.425E, 84.425F, 84.425L	Higher Education Emergency Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 753,721
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2022-23.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2022-23.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2022-23.

Section V – Prior Year Audit Findings Summary

There were no findings or questioned costs identified during 2021-22.