Financial Statements
June 30, 2022

Mt. San Jacinto Community College District

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Independent Auditor's Report

Board of Trustees
Mt. San Jacinto Community College District
San Jacinto, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and other required supplementary schedules on pages 57 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 10, 2022

Using This Annual Report

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

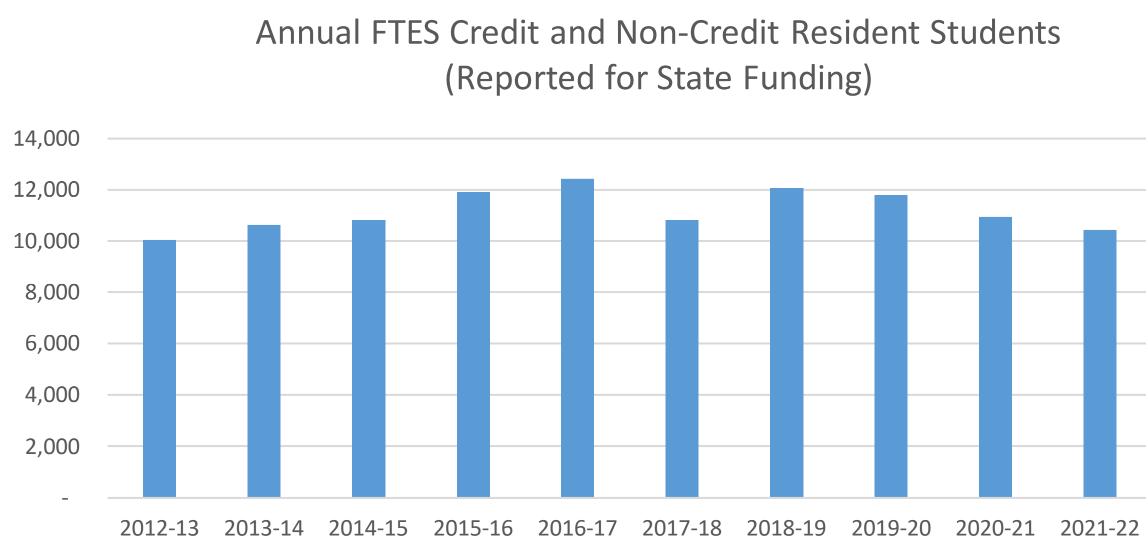
Overview of the Financial Statements

Mt. San Jacinto Community College 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*, and No. 35, *Basic Financial Statements – and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District's Primary Government. The entity wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

Financial Highlights

The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). See the below chart for a historical perspective on the changes in FTES over the past 10 years.



During the 2021-2022 fiscal year, the District provided $30,993,229 in financial aid to students attending classes at its two campuses. This aid was provided in the form of grants, scholarships, and tuition reductions funds through the Federal government, State Chancellor's Office, and local funding as shown below.

Federal Pell Grants (PELL)	$ 17,681,886
Federal Supplemental Education Opportunity Grants (FSEOG)	938,734
Federal Work-Study Program (FWS)	126,344
State of California Cal Grant B and C (CALG-B and C)	2,567,153
California Community College Board of Governor's Fee Waiver	9,679,112
Total financial aid provided to students	$ 30,993,229

The District As A Whole

Net Position

The District's Net Position increased by $25.6 million for the year ending June 30, 2022.

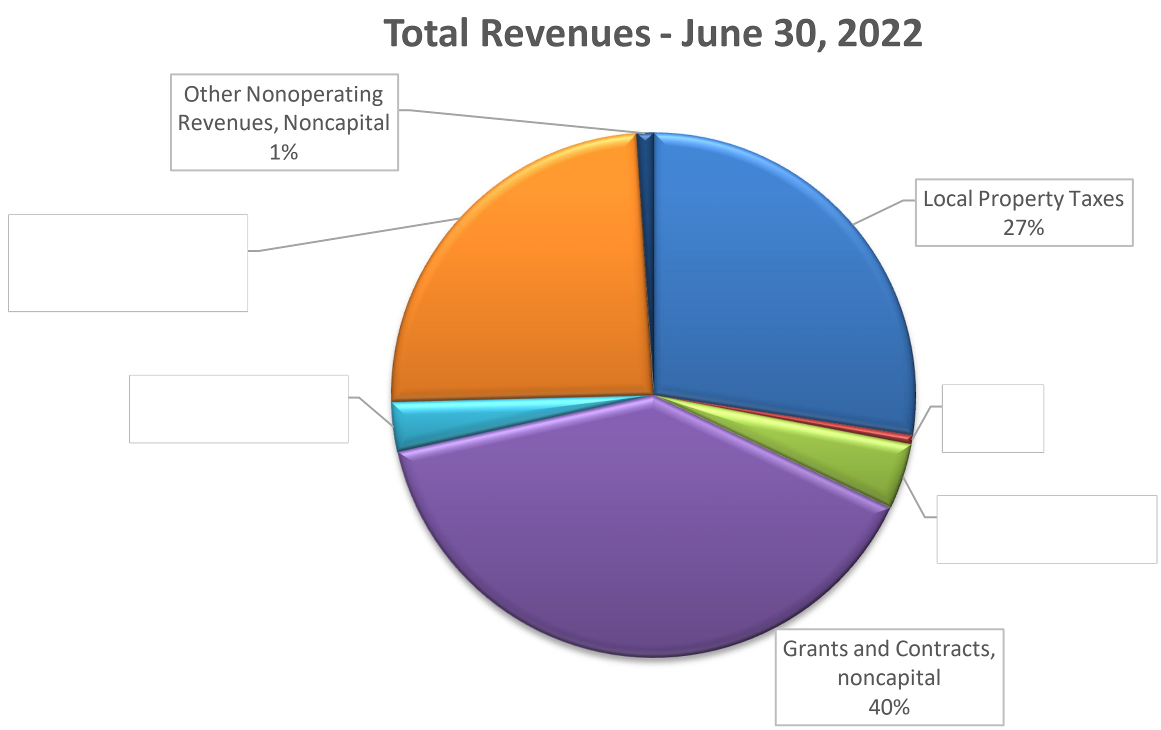
	2022	2021, as restated	Change
Assets			
Cash and investments	$ 194,504,123	$ 202,394,800	$ (7,890,677)
Receivables, net	14,054,598	21,232,663	(7,178,065)
Other current assets	878,206	509,877	368,329
Capital and right-to-use leased assets, net	295,791,354	260,120,962	35,670,392
Total assets	505,228,281	484,258,302	20,969,979
Deferred Outflows of Resources	22,334,233	27,885,380	(5,551,147)
Liabilities			
Accounts payable and accrued liabilities	37,139,338	27,400,167	9,739,171
Current portion of long-term liabilities	5,963,151	9,555,000	(3,591,849)
Noncurrent portion of long-term liabilities	338,607,799	391,616,841	(53,009,042)
Total liabilities	381,710,288	428,572,008	(46,861,720)
Deferred Inflows of Resources	38,978,700	2,309,422	36,669,278
Net Position			
Net investment in capital assets	84,365,557	72,859,658	11,505,899
Restricted	47,152,575	43,919,139	3,233,436
Unrestricted (deficit)	(24,644,606)	(35,516,545)	10,871,939
Total net position	$ 106,873,526	$ 81,262,252	$ 25,611,274

Operating Results for the Year

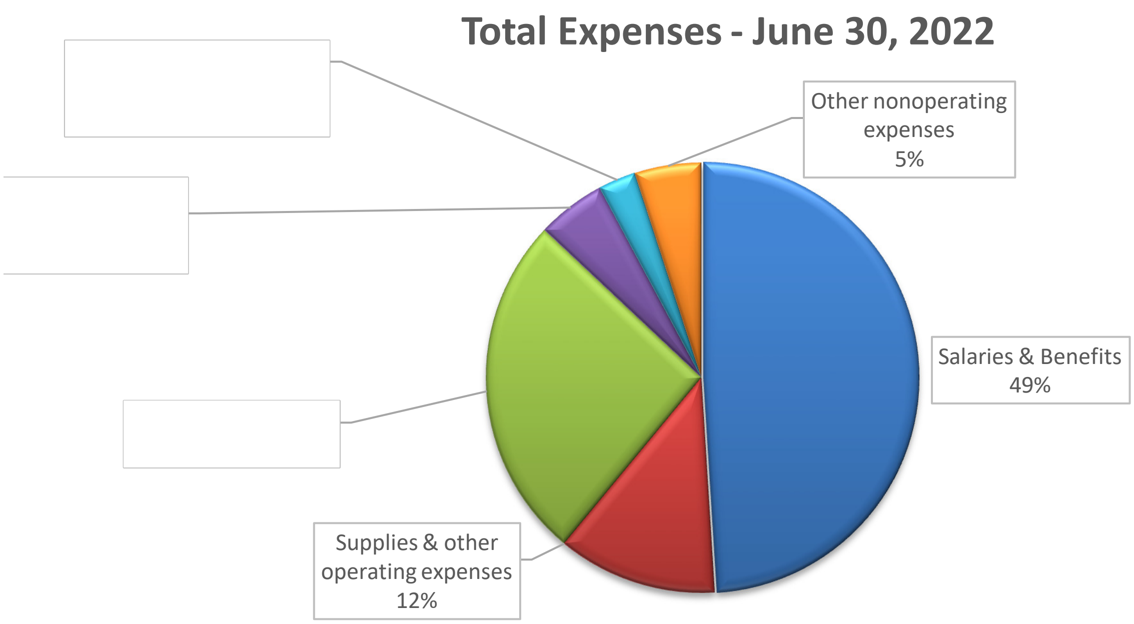
The results of this year's operations for the District as a whole are reported in the Statements of Revenues, Expenses and Changes in Net Position on page 16.

	2022	2021	Change
Operating Revenues			
Tuition and fees, net	$ 6,822,120	$ 5,750,181	$ 1,071,939
Grants and contracts, noncapital	38,077,628	32,111,540	5,966,088
Auxiliary sales and charges	1,050,917	384,507	666,410
Total operating revenues	45,950,665	38,246,228	7,704,437
Operating Expenses			
Salaries and benefits	83,876,403	96,729,505	(12,853,102)
Supplies, services, equipment, and maintenance	25,494,017	20,315,453	5,178,564
Student financial aid	43,381,661	28,132,889	15,248,772
Depreciation and amortization	8,106,903	7,595,539	511,364
Total operating expenses	160,858,984	152,773,386	8,085,598
Operating loss	(114,908,319)	(114,527,158)	(381,161)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	46,977,586	45,626,921	1,350,665
Property taxes	52,598,808	50,081,334	2,517,474
Student financial aid grants	39,311,524	26,675,450	12,636,074
State revenues	4,037,523	3,594,763	442,760
Net interest expense	(11,348,060)	(6,531,038)	(4,817,022)
Other nonoperating revenues	3,529,119	3,909,181	(380,062)
Total nonoperating revenue (expenses)	135,106,500	123,356,611	11,749,889
Other Revenues			
State and local capital income	5,413,093	2,871,243	2,541,850
Change in net position	$ 25,611,274	$ 11,700,696	$ 13,910,578

The District's primary revenue is from the State apportionment, local property taxes, student enrollment fees, and grants. Property taxes levied and received from property within the County increased in 2021-2022. State apportionments increased based on the Student Centered Funding Formula (SCFF) and system wide revenue and allocations. The composition of operating and nonoperating revenues for the year ended June 30, 2022 are reflected below:



The District's expense consisted primarily of employee salaries, benefits, supplies and operating items, and payments to students for financial aid. Total salaries and benefits decreased $12.9 million over the prior year, due primarily to retirements. Student financial aid increased due to the issuance of Higher Education Emergency Relief Funds (HEERF) for eligible students affected by the COVID-19 pandemic.



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

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instructional activities	$ 33,626,316	$ 1,195,945	$ -	$ -	$ 34,822,261
Academic support	11,779,317	1,524,842	-	-	13,304,159
Student services	12,643,456	399,524	-	-	13,042,980
Plant operations and maintenance	3,528,599	1,820,436	-	-	5,349,035
Instructional support services	15,724,798	3,264,482	-	-	18,989,280
Community services and economic development	1,330,522	212,416	-	-	1,542,938
Ancillary services and auxiliary operations	3,843,192	412,929	-	-	4,256,121
Student aid	-	428	43,381,661	-	43,382,089
Physical property and related acquisitions	1,400,203	16,663,015	-	-	18,063,218
Unallocated depreciation and amortization	-	-	-	8,106,903	8,106,903
Total	$ 83,876,403	$ 25,494,017	$ 43,381,661	$ 8,106,903	$ 160,858,984

Capital Asset and Debt Administration

Capital Assets

At the end of the 2021-2022 fiscal year, the District had $368.6 million in a broad range of capital assets, including land, buildings, and furniture, equipment, and leased assets. At June 30, 2022, the District's net capital assets and right-to-use leased assets were $295.8 million. Major capital improvement projects are ongoing throughout the college campuses. These projects are primarily funded through the General Obligation Bonds issued by the District. Projects will be accounted for within our Construction in Progress account until the project is completed at which time the cost will be recorded it to the depreciable capital asset categories.

	Balance, July 1, 2021, as restated	Additions	Deletions	Balance, June 30, 2022
Capital Assets				
Land and construction in progress	$ 100,498,164	$ 30,795,128	$ (84,328,350)	$ 46,964,942
Buildings and improvements	199,232,710	90,841,155	-	290,073,865
Furniture, equipment and vehicles	24,743,087	3,372,183	-	28,115,270
Subtotal capital assets	324,473,961	125,008,466	(84,328,350)	365,154,077
Accumulated depreciation	(64,726,665)	(7,817,236)	-	(72,543,901)
Total capital assets, net	259,747,296	117,191,230	(84,328,350)	292,610,176
Right-to-use Leased Assets				
Furniture and equipment	373,666	3,097,179	-	3,470,845
Accumulated Amortization	-	289,667	-	289,667
Total right-to-use leased assets, net	373,666	2,807,512	-	3,181,178
Total capital and right-to-use leased assets, net	$ 260,120,962	$ 119,998,742	$ (84,328,350)	$ 295,791,354

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities other than OPEB and Pensions

At the end of the 2021-2022 fiscal year, the District had $273.9 million in General Obligation Bonds outstanding, including premium on bonds. These bonds are repaid semi-annually, utilizing Debt Service Funds, in accordance with the debt service schedules.

In addition to the General Obligation Bonds, the District is obligated to employees of the District for vacation, and load banking.

	Balance, July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
General obligation bonds	$ 284,477,381	$ -	$ (10,603,935)	$ 273,873,446
Other liabilities	3,031,835	3,143,268	(512,137)	5,662,966
Total long-term liabilities	$ 287,509,216	$ 3,143,268	$ (11,116,072)	$ 279,536,412
Amount due within one year				$ 5,963,151

We present more detailed information about our long-term liabilities in Note 6 to the financial statements.

Aggregate Net OPEB Liability and Aggregate Net Pension Liability

At year-end, the District has an aggregate net other postemployment benefit liability (OPEB) of $6,030,665 versus $7,465,728 last year, a decrease of $1,435,063, or 19.2%.

At year-end, the District has an aggregate net pension liability of $59,003,873 versus $106,196,897 last year, a decrease of $47,193,024, or 44.4%.

Budgetary Highlights

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the final amendment for the fiscal year 2021–2022 budget on September 8, 2022.

Economic Factors Affecting the Future of the Mt. San Jacinto Community College District

The State of California approved its budget on June 30, 2022. The Governor's budget builds on the Vision for Success by creating new goals to improve student outcomes, advance equity, increase collaboration, and improve workforce preparedness. College affordability is another budget investment that includes expanding completion grants, providing emergency financial aid, support for financial aid administration, and Cal grant reform. Reserves continue to remain a focus for relief, recovery, and infrastructure.

The State budget includes 6.56% Cost of Living Adjustment (COLA), $26.7 million in growth funding, and $600 million ongoing to increase the Student Center Funding Formula (SCFF).

The 2021 Budget Act extended the hold harmless provision until 2024-25, ensuring that districts will earn at least their 2017-18 total computational revenue, adjusted by COLA each year.

Districts will continue to be funded based on the higher of current year SCFF, prior year SCFF plus COLA, or Hold Harmless based on 2017-18 Total Computational Revenue (TCR) plus COLA for each year thru 2024-25 at which time a district's 2024-25 funding will represent its new "floor," below which it cannot drop. Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher.

The State Budget also included 22 continuing construction projects. This includes funding for two high-priority science, technology, engineering and math (STEM) building projects for San Jacinto and Menifee Valley campus. Approximately half of the cost of the STEM projects will be paid for out of Measure AA funds. The remainder will be funded from Prop. 51, approved by voters in November 2016.

District Facilities

On the San Jacinto Campus, a $39 million, 36,922-square-foot STEM building will include science labs and lecture rooms, general classrooms, math and general studies labs and faculty offices. The Menifee Valley Campus will be able to add a $49.7 million, 41,865-square-foot state-of-the-art STEM building featuring laboratory and multi-use, computer-based instructional areas. These buildings have been in our plans for several years and this state funding will help us finally bring them to the communities we serve. The San Jacinto Campus Science and Technology Building will be completed in 2023 and the Menifee Valley Campus Math and Science Building in 2024.

Our five story, 350,000 square foot Temecula Valley Campus has been completed and students have been enrolling since Fall 2021. The renovation of the 700 building at the Menifee Valley Campus for our new Student Services Center has also been completed and provides our students with gathering spaces, café, bookstore, and other student services.

The construction of a 5,000 seat Stadium at the Menifee Valley Campus is nearing completion with an anticipated completion date of March 2023. The Stadium will enhance the campus and the community with a venue for sporting and other events. Other renovation projects include: remodeling San Jacinto Campus buildings 200 and 1150 as the new Student Services Centers; replacing heating, ventilation, and air conditioning (HVAC) units on San Jacinto and Menifee Valley Campuses; and providing access controls to all our campuses. We are also working with the City of Menifee to construct a new traffic signal for the Menifee Valley Campus Antelope Road entrance.

Other Highlights

Mt San Jacinto College has been providing food distributions on both the San Jacinto and Menifee Campuses in the last two years and throughout the pandemic. Both campuses now house permanent food pantries.

Mt. San Jacinto College is in the process of eliminating equity barriers by establishing a New Strategic Equity Plan. The following goals will initiate the work to eliminate equity issues and barriers for students, faculty, and staff:

Goal 1: Promote, encourage, and create a culture of racial equity, diversity, and inclusion to address and eliminate systemic racism, academic barriers, and educational injustice through implementation of culturally responsive and affirming practices.

Goal 2: Create structured educational experiences that support students from point of entry to timely and efficient attainment of educational goal in both on campus and distance education environments.

Goal 3: Implement, strengthen, and transform curriculum, classroom management, and academic and student support services to focus on the success and retention of our highest priority students in both on campus and distance education environments.

Goal 4: Foster an institutional climate that promotes inclusivity, is welcoming and engaging, and creates community and belonging for students, faculty, and staff.

Goal 5: Partner with local business, industry, cities, and communities to increase experiential opportunities for student to explore, transition-to, or promote within the regional workforce.

Goal 6: Strategic Enrollment, Planning, and Fiscal Responsibility: Support the optimization of strategic enrollment management, planning, and student success to ensure fiscal viability.

Goal 7: Facilities Planning and Improvement – Provide facilities at all locations that are inviting, accessible, and safe.

Contacting the District's Financial Management

This financial report is designed to provide the District's 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 Mt. San Jacinto Community College District at 41888 Motor Car Parkway, Temecula, CA 92591.

Assets	
Cash and cash equivalents	$ 3,658,203
Investments	190,845,920
Accounts receivable	13,078,073
Student receivables, net	976,525
Prepaid expenses	543,333
Inventories	334,873
Capital and right-to-use leased assets	
Nondepreciable capital assets	46,964,942
Depreciable capital assets, net of accumulated depreciation	245,645,234
Right-to-use leased assets, net of accumulated amortization	3,181,178
Total capital and right-to-use leased assets, net	295,791,354
Total assets	505,228,281
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	2,727,078
Deferred outflows of resources related to pensions	19,607,155
Total deferred outflows of resources	22,334,233
Liabilities	
Accounts payable	14,505,379
Accrued interest payable	3,924,047
Unearned revenue	18,709,912
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	5,963,151
Long-term liabilities other than OPEB and pensions, due in more than one year	273,573,261
Aggregate net other postemployment benefits (OPEB) liability	6,030,665
Aggregate net pension liability	59,003,873
Total liabilities	381,710,288
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,433,178
Deferred inflows of resources related to pensions	37,545,522
Total deferred inflows of resources	38,978,700
Net Position	
Net investment in capital assets	84,365,557
Restricted for	
Debt service	28,713,292
Capital projects	13,679,757
Educational programs	1,547,876
Other activities	3,211,650
Unrestricted (deficit)	(24,644,606)
Total Net Position	$ 106,873,526

Operating Revenues	
Tuition and fees	$ 16,501,232
Less: Scholarship discounts and allowances	(9,679,112)
Net tuition and fees	6,822,120
Grants and contracts, noncapital	
Federal	16,437,856
State	21,589,834
Local	49,938
Total grants and contracts, noncapital	38,077,628
Auxiliary enterprise sales and charges	
Bookstore	1,050,917
Total operating revenues	45,950,665
Operating Expenses	
Salaries	66,499,589
Employee benefits	17,376,814
Supplies, materials, and other operating expenses and services	20,968,891
Student financial aid	43,381,661
Equipment, maintenance, and repairs	4,525,126
Depreciation and amortization	8,106,903
Total operating expenses	160,858,984
Operating Loss	(114,908,319)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	46,977,586
Local property taxes, levied for general purposes	37,711,094
Taxes levied for other specific purposes	14,887,714
Federal and State financial aid grants	39,311,524
State taxes and other revenues	4,037,523
Investment income	(2,408,689)
Interest expense on capital related debt	(8,386,537)
Investment income on capital asset-related debt, net	(552,834)
Other nonoperating revenue	3,529,119
Total nonoperating revenues (expenses)	135,106,500
Income Before Other Revenues	20,198,181
Other Revenues	
State revenues, capital	4,279,963
Local revenues, capital	1,133,130
Total other revenues	5,413,093
Change In Net Position	25,611,274
Net Position, Beginning of Year	81,262,252
Net Position, End of Year	$ 106,873,526

Operating Activities	
Tuition and fees	$ 6,454,042
Federal, state, and local grants and contracts, noncapital	43,819,698
Auxiliary sales	1,050,917
Payments to or on behalf of employees	(90,333,485)
Payments to vendors for supplies and services	(26,843,231)
Payments to students for scholarships and grants	(43,381,661)
Net Cash Flows From Operating Activities	(109,233,720)
Noncapital Financing Activities	
State apportionments	57,651,129
Federal and state financial aid grants	39,311,524
Property taxes - nondebt related	37,711,094
State taxes and other apportionments	4,037,523
Other nonoperating	3,626,800
Net Cash Flows From Noncapital Financing Activities	142,338,070
Capital Financing Activities	
Purchase of capital assets	(38,622,191)
State revenue, capital	4,279,963
Local revenue, capital	1,133,130
Property taxes - related to capital debt	14,887,714
Principal paid on capital debt	(10,029,257)
Interest paid on capital debt	(9,529,823)
Interest received on capital asset-related debt	83,349
Net Cash Flows From Capital Financing Activities	(37,797,115)
Investing Activities	
Change in fair market value of cash in county treasury	(4,352,553)
Interest received from investments	1,154,641
Net cash flows from investing activities	(3,197,912)
Change In Cash and Cash Equivalents	(7,890,677)
Cash and Cash Equivalents, Beginning of Year	202,394,800
Cash and Cash Equivalents, End of Year	$ 194,504,123

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (114,908,319)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization	8,106,903
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(803,533)
Student receivables, net	(565,167)
Inventories	(47,664)
Prepaid expenses	(320,665)
Deferred outflows of resources related to OPEB	(663,818)
Deferred outflows of resources related to pensions	6,214,965
Accounts payable	(1,038,514)
Unearned revenue	6,742,692
Compensated absences	46,089
Load banking	(37,880)
Aggregate net OPEB liability	(1,435,063)
Aggregate net pension liability	(47,193,024)
Deferred inflows of resources related to OPEB	1,171,981
Deferred inflows of resources related to pensions	35,497,297
Total adjustments	5,674,599
Net Cash Flows From Operating Activities	$ (109,233,720)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 3,658,203
Cash in county treasury	190,845,920
Total cash and cash equivalents	$ 194,504,123
Noncash Transactions	
Amortization of debt premiums	$ 1,048,935

Note 1 - Organization

The Mt. San Jacinto Community College District (the District) was established in 1962 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establish the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District consists of a single college with one center and two other offsite locations located within Riverside County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

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

All material intra-agency and intra-fund transactions have been eliminated.

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $472,896 for the year ended June 30, 2022.

Prepaid Expenses

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

Inventories

Inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. In addition, the District warehouse holds some inventory of paper and office supplies for daily operational needs. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition. 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 $5,000, 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	10-50 years
Buildings and improvements	10-50 years
Machinery and equipment	3-7 years

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

Compensated Absences and Load Banking

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

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to OPEB and pension 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 OPEB and pension related items.

Leases

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

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (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. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds and leases payable, compensated absences, load banking, the aggregate net OPEB liability and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $47,152,575 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed General Obligation Bonds in November 2014 for the acquisition, construction, and rehabilitation of facilities. 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 by the County of Riverside and remitted to the District.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

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

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

Adoption of New Standard

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 12 and the additional disclosures required by this standard is included in Notes 5 and Note 6.

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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

Implementation of GASB Statement No. 93

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

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

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

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, consisted of the following:

	Primary Government
Cash on hand and in banks	$ 3,632,203
Cash in revolving	26,000
Investments	190,845,920
Total deposits and investments	$ 194,504,123

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 Riverside County Investment Pool and having the pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $190,845,920 with the Riverside County Investment Pool with an average weighted maturity of 434 days.

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 Riverside County Investment Pool was rated AAAf/S1 by Fitch Rating as of the year end.

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance was fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 4 - Accounts Receivable

Accounts receivable as of June 30, 2022 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 5,529,848
Other federal sources	65,890
State Government	
Categorical aid	648,287
Lottery	695,870
Other state sources	4,050,854
Local Sources	
Interest	299,082
Property taxes	1,192,554
Other local sources	595,688
Total	$ 13,078,073
Student receivables	$ 1,449,421
Less: allowance for bad debt	(472,896)
Student receivables, net	$ 976,525

Note 5 - Capital Assets and Right-to-use Leased Assets

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

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 10,162,506	$ -	$ -	$ 10,162,506
Construction in progress	90,335,658	30,795,128	84,328,350	36,802,436
Total capital assets not being depreciated	100,498,164	30,795,128	84,328,350	46,964,942
Capital Assets Being Depreciated				
Land improvements	19,823,235	2,053,015	-	21,876,250
Buildings and improvements	179,409,475	88,788,140	-	268,197,615
Furniture and equipment	24,743,087	3,372,183	-	28,115,270
Total capital assets being depreciated	223,975,797	94,213,338	-	318,189,135
Total capital assets	324,473,961	125,008,466	84,328,350	365,154,077
Less Accumulated Depreciation				
Land improvements	7,780,160	722,506	-	8,502,666
Buildings and improvements	40,760,775	5,653,890	-	46,414,665
Furniture and equipment	16,185,730	1,440,840	-	17,626,570
Total accumulated depreciation	64,726,665	7,817,236	-	72,543,901
Net capital assets	259,747,296	117,191,230	84,328,350	292,610,176
Right-to-use Leased Assets Being Amortized				
Furniture and equipment	373,666	3,097,179	-	3,470,845
Less Accumulated Amortization				
Furniture and equipment	-	289,667	-	289,667
Net right-to-use leased assets	373,666	2,807,512	-	3,181,178
Total capital and right-to-use leased assets, net	$ 260,120,962	$ 119,998,742	$ 84,328,350	$ 295,791,354

Note 6 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2022, consisted of the following:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 262,750,000	$ -	$ (9,555,000)	$ 253,195,000	$ 5,345,000
Bond premium	21,727,381	-	(1,048,935)	20,678,446	-
Leases	373,666	3,097,179	(474,257)	2,996,588	618,151
Compensated absences	2,347,331	46,089	-	2,393,420	-
Load banking	310,838	-	(37,880)	272,958	-
Total	$ 287,509,216	$ 3,143,268	$ (11,116,072)	$ 279,536,412	$ 5,963,151

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The leases will be paid by the General Fund. The compensated absences and load banking liability will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt at June 30, 2022 was as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
5/21/2015	8/1/2040	2.00-5.00%	$ 70,000,000	$ 51,755,000	$ -	$ (630,000)	$ 51,125,000
2/14/2018	8/1/2043	3.00-5.00%	120,000,000	105,995,000	-	(3,925,000)	102,070,000
1/20/2021	8/1/2043	2.00-4.00%	105,000,000	105,000,000	-	(5,000,000)	100,000,000
				$ 262,750,000	$ -	$ (9,555,000)	$ 253,195,000

In November 2014, voters authorized a total of $295,000,000 in general obligation bonds. In May 2015, the District issued Election of 2014 General Obligation Bonds Series A in the amount of $70,000,000. The bonds were used to finance the acquisition, construction, and modernization of property and school facilities, to refund outstanding lease revenue bonds, and to pay certain costs of issuing the bonds. The bonds were issued as current interest bonds. The bonds bear interest rates of 2.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $51,125,000. Unamortized premium received on issuance of the bonds amounted to $4,130,888 as of June 30, 2022.

In February 2018, the District issued Election of 2014 General Obligation Bonds Series B in the amount of $120,000,000. The bonds were used to finance the acquisition, construction, modernization and renovation of District sites and facilities and pay the costs of issuing the bonds. The bonds were issued as current interest bonds. The bonds bear interest rates of 3.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $102,070,000. Unamortized premium received on issuance of the bonds amounted to $8,411,848.

In January 2021, the District issued Election of 2014 General Obligation Bonds Series C in the amount of $105,000,000. The bonds were used to finance the acquisition, construction, modernization and renovation of District sites and facilities and pay the costs of issuing the bonds. The bonds were issued as current interest bonds. The bonds bear interest rates of 2.00 to 4.00%. At June 30, 2022, the principal balance outstanding was $100,000,000. Unamortized premium received on issuance of the bonds amounted to $8,135,710.

The Series A General Obligation Bonds matures through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 760,000	$ 2,209,613	$ 2,969,613
2024	905,000	2,167,988	3,072,988
2025	1,060,000	2,118,863	3,178,863
2026	1,220,000	2,061,863	3,281,863
2027	1,400,000	1,996,362	3,396,362
2028-2032	10,135,000	8,652,937	18,787,937
2033-2037	16,515,000	5,760,905	22,275,905
2038-2041	19,130,000	1,603,400	20,733,400
Total	$ 51,125,000	$ 26,571,931	$ 77,696,931

The Series B General Obligation Bonds matures through 2044 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 465,000	$ 4,303,650	$ 4,768,650
2024	645,000	4,281,450	4,926,450
2025	845,000	4,251,650	5,096,650
2026	1,060,000	4,208,250	5,268,250
2027	1,295,000	4,149,375	5,444,375
2028-2032	10,730,000	19,398,250	30,128,250
2033-2037	19,870,000	15,782,450	35,652,450
2038-2042	37,525,000	10,354,700	47,879,700
2043-2044	29,635,000	1,207,700	30,842,700
Total	$ 102,070,000	$ 67,937,475	$ 170,007,475

The Series C General Obligation Bonds matures through 2044 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 4,120,000	$ 2,793,750	$ 6,913,750
2024	4,090,000	2,629,550	6,719,550
2025	2,975,000	2,488,250	5,463,250
2026	1,950,000	2,389,750	4,339,750
2027	2,185,000	2,307,050	4,492,050
2028-2032	14,905,000	10,004,950	24,909,950
2033-2037	22,460,000	7,092,100	29,552,100
2038-2042	31,785,000	3,338,675	35,123,675
2043-2044	15,530,000	314,800	15,844,800
Total	$ 100,000,000	$ 33,358,875	$ 133,358,875

Leases

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

Leases	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Copiers	$ 311,361	$ 3,097,179	$ (454,919)	$ 2,953,621
Postage Machines	62,305	-	(19,338)	42,967
Total	$ 373,666	$ 3,097,179	$ (474,257)	$ 2,996,588

Copiers

The District entered into multiple agreements to lease copiers for five to six years, beginning March 1, 2018. Under the terms of the lease, the District pays monthly payments of $66,426, which amounted to total principal and interest costs of $456,924. The annual interest rate charged on the leases ranges from 0.03% and 0.46%. At June 30, 2022, the District has recognized a right to use asset of $3,131,800 and a lease liability of $2,953,621 related to this agreement. During the fiscal year, the District recorded $276,739 in amortization expense and $2,005 in interest expense for the right to use of the copiers.

Postage Machines

The District entered into multiple agreements to lease postage machines for three to four years, beginning August 1, 2019. Under the terms of the lease, the District pays monthly payments of $1,672, which amounted to total principal and interest costs of $20,061. The annual interest rate charged on the leases ranges from 0.00% and 1.61%. At June 30, 2022, the District has recognized a right to use asset of $49,377 and a lease liability of $42,967 related to this agreement. During the fiscal year, the District recorded $12,928 in amortization expense and $723 in interest expense for the right to use of the copiers.

Note 7 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2022, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 5,697,601	$ 2,727,078	$ 1,433,178	$ (840,978)
Medicare Premium Payment (MPP) Program	333,064	-	-	(85,922)
Total	$ 6,030,665	$ 2,727,078	$ 1,433,178	$ (926,900)

District Plan

Plan Administration

The District has established a Postemployment Benefits Plan (the Plan) and participates in an agent multiple-employer defined retiree healthcare plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. CalPERS issues a publicly available financial report that can be found on the CalPERS website at: https://calpers.ca.gov/pages/forms-publications.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	104
Active employees	529
Total	633

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, Teacher Education Association, California Service Employee Association, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2021, the District contributed $1,923,423 to the Plan, of which $923,423 was used for current premiums and $1,000,000 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the Plan's adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation
All Equities	59%
All Fixed Income	25%
Real Estate Investment Trusts	8%
All Commodities	3%
Treasury Inflation Protected Securities	5%

Net OPEB Liability of the District

The District's net OPEB liability of $5,697,601 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability	$ 15,693,472
Plan fiduciary net position	9,995,871
Net OPEB liability	$ 5,697,601
Plan fiduciary net position as a percentage of the total OPEB liability	63.69%

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%
Discount rate	6.75%
Healthcare cost trend rates	4.00%

The discount rate was based on the assumed long-term expected rate of return on plan assets.

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actual experience study as of June 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
All Equities	7.5%
All Fixed Income	4.3%
Real Estate Investment Trusts	7.3%
All Commodities	7.5%
Treasury Inflation Protected Securities	3.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2020	$ 14,093,583	$ 7,046,841	$ 7,046,742
Service cost	835,041	-	835,041
Interest	985,108	-	985,108
Difference between expected and actual experience	(232,486)	-	(232,486)
Contributions - employer	-	1,923,423	(1,923,423)
Expected investment income	-	525,783	(525,783)
Differences between projected and actual earnings on OPEB plan investments	-	1,425,944	(1,425,944)
Changes of assumptions	935,649	-	935,649
Benefit payments	(923,423)	(923,423)	-
Administrative expense	-	(2,697)	2,697
Net change in total OPEB liability	1,599,889	2,949,030	(1,349,141)
Balance, June 30, 2021	$ 15,693,472	$ 9,995,871	$ 5,697,601

There were no changes in the benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in the discount rate from 7.00% to 6.75% and a change in the inflation rate from 2.75% to 2.50% since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.75%)	$ 7,066,005
Current discount rate (6.75%)	5,697,601
1% increase (7.75%)	4,480,928

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 4,212,242
Current healthcare cost trend rate (4.00%)	5,697,601
1% increase (5.00%)	7,483,653

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 921,302	$ -
Differences between expected and actual experience	94,447	444,951
Changes of assumptions	1,711,329	-
Net difference between projected and actual earnings on OPEB plan investments	-	988,227
Total	$ 2,727,078	$ 1,433,178

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (233,906)
2024	(228,444)
2025	(240,689)
2026	(285,188)
Total	$ (988,227)

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Services Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 11.4 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 147,988
2024	147,988
2025	147,988
2026	147,988
2027	147,988
Thereafter	620,885
Total	$ 1,360,825

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $333,064 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0835% and 0.0989%, respectively, resulting in a net decrease in the proportionate share of 0.0154%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(85,922).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP 2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. The MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 367,128
Current discount rate (2.16%)	333,064
1% increase (3.16%)	303,960

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 302,883
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	333,064
1% increase (5.5% Part A and 6.4% Part B)	367,666

Note 8 - Risk Management

Property and Liability Insurance Coverages

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

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2022, the District contracted with SWACC Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers’ Compensation

For fiscal year 2021-2022, the District participated in the Riverside Schools Risk Management Authority (RSRMA) JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA.

Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Riverside Schools Risk Management Authority (RSRMA)	Workers' Compensation	$ 155,000,000
Schools Association for Excess Risk (SAFER)	Excess Liability	$ 250,000,000
Statewide Association of Community Colleges (SWACC)	Property (per occurance)	$ 24,000,000
Statewide Association of Community Colleges (SWACC)	Liability (per occurance)	$ 25,000,000

Employee Medical Benefits

The District has contracted with Riverside County Employer/Employee Partnership (REEP) for Benefits JPA through Keenan & Associates, Kaiser Permanente, Anthem Blue Cross, United Health, and Pacific Care plans to provide employee medical benefits. The District provides health and welfare benefits to all full-time and permanent part-time employees (20 hours or more). Those employees working less than full-time will receive a pro-rata share of the benefit package. Employees in positions less than 20 hours per week do not receive any fringe benefits.

If the employee elects not to enroll for health insurance coverage from one of the carriers provided by the District, such employee must provide evidence of other health insurance coverage.

- Medical - The employee has a choice of Kaiser Permanente, Anthem Blue Cross, United Health, and Pacific Care plans. The employee may elect to change carriers once per year during open enrollment. Normally, such election shall be effective July 1 of each year.
- Dental - Delta, MetLife, and MetLife/Safeguard carried insurance coverage for employees and is provided by the District. All employees shall participate in the program.
- Life Insurance - The District provides a $20,000 group term life insurance policy by a carrier designated by REEP. All employees participate in this life insurance program.

Rates are set by the REEP for Benefits JPA. The District pays monthly premiums which are placed in a common fund with REEP from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claim's expense. The REEP Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 9 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 25,280,439	$ 12,831,046	$ 24,066,341	$ 2,102,688
CalPERS	33,723,434	6,776,109	13,479,181	3,726,587
Total	$ 59,003,873	$ 19,607,155	$ 37,545,522	$ 5,829,275

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were $5,673,034.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 25,280,439
State's proportionate share of net pension liability associated with the District	12,720,136
Total	$ 38,000,575

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0556% and 0.0567%, respectively, resulting in a net decrease in the proportionate share of 0.0011%.

For the year ended June 30, 2022, the District recognized pension expense of $2,102,688. In addition, the District recognized pension expense and revenue of $435,204 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,673,034	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,512,713	1,378,496
Differences between projected and actual earnings on pension plan investments	-	19,997,479
Differences between expected and actual experience in the measurement of the total pension liability	63,329	2,690,366
Changes of assumptions	3,581,970	-
Total	$ 12,831,046	$ 24,066,341

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (5,078,160)
2024	(4,644,858)
2025	(4,760,127)
2026	(5,514,334)
Total	$ (19,997,479)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,921,288
2024	1,663,653
2025	(52,127)
2026	(6,149)
2027	40,524
Thereafter	(478,039)
Total	$ 3,089,150

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 51,461,925
Current discount rate (7.10%)	25,280,439
1% increase (8.10%)	3,550,305

California Public Employees' Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the total District contributions were $5,637,003.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $33,723,434. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021, and June 30, 2020, was 0.1658% and 0.1669%, respectively, resulting in a net decrease in the proportionate share of 0.0011%.

For the year ended June 30, 2022, the District recognized pension expense of $3,726,587. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,637,003	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	132,375	457,631
Differences between projected and actual earnings on pension plan investments	-	12,942,050
Differences between expected and actual experience in the measurement of the total pension liability	1,006,731	79,500
Total	$ 6,776,109	$ 13,479,181

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (3,245,856)
2024	(2,984,855)
2025	(3,111,905)
2026	(3,599,434)
Total	$ (12,942,050)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 660,434
2024	42,900
2025	(91,479)
2026	(9,880)
Total	$ 601,975

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 56,862,444
Current discount rate (7.15%)	33,723,434
1% increase (8.15%)	14,513,090

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to $3,572,664 (10.828%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 10 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Riverside Schools Risk Management Authority (RSRMA), the Schools Association for Excess Risk (SAFER), the Statewide Association of Community Colleges (SWACC), and Riverside County Employer/Employee Partnership (REEP) for Benefits Joint Powers Authority JPAs. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit 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's share of year-end assets, liabilities, or fund equity has not been calculated.

Note 11 - Commitments and Contingencies

Grants

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

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, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
MVC Stadium	$ 15,091,276	April 2023
STEM Building - MVC	46,670,769	January 2024
STEM Building - SJC	34,356,933	October 2023
Total	$ 96,118,978	

Note 12 - Adoption of New Standard

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

Primary Government	
Net Position - Beginning	$ 81,262,252
Right-to-use leased assets, net of amortization	373,666
Lease liabilities	(373,666)
Net Position - Beginning	$ 81,262,252

Required Supplementary Information
June 30, 2022

Mt. San Jacinto Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 835,041	$ 735,046	$ 594,311	$ 683,856	$ 665,553
Interest	985,108	922,894	874,904	813,012	715,885
Changes of benefit terms	-	-	(1,073,077)	-	-
Difference between expected and actual experience	(232,486)	-	(316,771)	-	-
Changes of assumptions	935,649	-	1,167,110	-	-
Benefit payments	(923,423)	(762,064)	(500,480)	(635,370)	(610,933)
Net change in total OPEB liability	1,599,889	895,876	745,997	861,498	770,505
Total OPEB Liability - Beginning	14,093,583	13,197,707	12,451,710	11,590,212	10,819,707
Total OPEB Liability - Ending (a)	$ 15,693,472	$ 14,093,583	$ 13,197,707	$ 12,451,710	$ 11,590,212
Plan Fiduciary Net Position					
Contributions - employer	$ 1,923,423	$ 1,262,064	$ 1,000,480	$ 1,135,370	$ 1,110,933
Expected investment income	525,783	459,533	405,988	339,975	394,469
Differences between projected and actual earnings on OPEB plan investments	1,425,944	(222,500)	(61,233)	27,328	-
Benefit payments	(923,423)	(762,064)	(500,480)	(635,370)	(610,933)
Administrative expense	(2,697)	(3,161)	(4,670)	(5,491)	(3,308)
Net change in plan fiduciary net position	2,949,030	733,872	840,085	861,812	891,161
Plan Fiduciary Net Position - Beginning	7,046,841	6,312,969	5,472,884	4,611,072	3,719,911
Plan Fiduciary Net Position - Ending (b)	$ 9,995,871	$ 7,046,841	$ 6,312,969	$ 5,472,884	$ 4,611,072
Net OPEB Liability - Ending (a) - (b)	$ 5,697,601	$ 7,046,742	$ 6,884,738	$ 6,978,826	$ 6,979,140
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.69%	50.00%	47.83%	43.95%	39.78%
Covered Employee Payroll	$ 58,212,849	$ 56,618,422	$ 57,563,811	$ 53,967,962	$ 53,808,269
Net OPEB Liability as a Percentage of Covered Employee Payroll	9.79%	12.45%	11.96%	12.93%	12.97%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0835%	0.0989%	0.0932%	0.0920%	0.0918%
Proportionate share of the net OPEB liability	$ 333,064	$ 418,986	$ 347,123	$ 308,435	$ 71,899
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0556%	0.0567%	0.0527%	0.0512%	0.0507%	0.0496%	0.0452%	0.0454%
Proportionate share of the net pension liability	$ 25,280,439	$ 54,986,526	$ 47,589,427	$ 47,097,210	$ 46,914,359	$ 40,114,200	$ 30,455,197	$ 26,482,179
State's proportionate share of the net pension liability associated with the District	12,720,136	28,345,560	25,963,209	26,966,653	27,754,365	22,839,660	16,107,399	16,049,771
Total	$ 38,000,575	$ 83,332,086	$ 73,552,636	$ 74,063,863	$ 74,668,724	$ 62,953,860	$ 46,562,596	$ 42,531,950
Covered payroll	$ 32,612,904	$ 33,442,520	$ 25,300,147	$ 27,965,364	$ 28,247,933	$ 25,497,698	$ 21,422,962	$ 20,575,455
Proportionate share of the net pension liability as a percentage of its covered payroll	77.52%	164.42%	188.10%	168.41%	166.08%	157.32%	142.16%	128.71%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1658%	0.1669%	0.1628%	0.1573%	0.1482%	0.1435%	0.1402%	0.1377%
Proportionate share of the net pension liability	$ 33,723,434	$ 51,210,371	$ 47,460,089	$ 41,948,139	$ 35,389,443	$ 28,333,305	$ 20,660,881	$ 15,625,838
Covered payroll	$ 23,795,449	$ 24,077,876	$ 18,554,440	$ 20,809,478	$ 18,692,382	$ 17,024,859	$ 15,231,697	$ 14,778,614
Proportionate share of the net pension liability as a percentage of its covered payroll	141.72%	212.69%	255.79%	201.58%	189.33%	166.42%	135.64%	105.73%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 5,673,034	$ 5,266,984	$ 5,718,671	$ 4,118,864	$ 4,035,402	$ 3,553,590	$ 2,735,903	$ 1,902,359
Contributions in relation to the contractually required contribution	(5,673,034)	(5,266,984)	(5,718,671)	(4,118,864)	(4,035,402)	(3,553,590)	(2,735,903)	(1,902,359)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,528,570	$ 32,612,904	$ 33,442,520	$ 25,300,147	$ 27,965,364	$ 28,247,933	$ 25,497,698	$ 21,422,962
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 5,637,003	$ 4,925,658	$ 4,748,398	$ 3,351,303	$ 3,231,920	$ 2,595,998	$ 2,016,935	$ 1,792,923
Contributions in relation to the contractually required contribution	(5,637,003)	(4,925,658)	(4,748,398)	(3,351,303)	(3,231,920)	(2,595,998)	(2,016,935)	(1,792,923)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 24,604,989	$ 23,795,449	$ 24,077,876	$ 18,554,440	$ 20,809,478	$ 18,692,382	$ 17,024,859	$ 15,231,697
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate was changed from 7.00% to 6.75% and the inflation rate was changed from 2.75% to 2.50% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net 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 either CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the District's Contributions for Pensions

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

Supplementary Information
June 30, 2022

Mt. San Jacinto Community College District

The Mt. San Jacinto Community College District was established in 1962 and is comprised of an area of approximately 180 square miles located in Riverside 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.

Board of Trustees as of June 30, 2022

Member	Office	Term Expires
Vicki Carpenter	President	2022
Tom Ashley	Clerk	2024
Brian Sylva	Member	2024
Ann Motte	Member	2022
Joshua Rivera	Member	2024

Administration as of June 30, 2022

Dr. Roger Schultz	Superintendent/President
Ms. Jeannine Stokes	Vice President, Human Resources
Dr. Jeremy Brown	Vice President, Instructional Services
Ms. Rebecca Teague	Interim Vice President, Student Services
Mr. Brandon Moore	Vice President, Institutional Effectiveness and Enrollment Management
Mr. Michael Beckham	Interim Executive Dean of Institutional Effectiveness
Ms. Joyce Johnson	Provost of Instruction

Auxiliary Organizations in Good Standing

Mt. San Jacinto College Foundation
Master Agreement revised February 11, 2016
Rebecca Orlauski, Director of Foundation and Donor Initiatives

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 17,681,886
Federal Pell Grant Program Administrative Allowance	84.063		29,930
Federal Direct Student Loans	84.268		284,001
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		938,734
FSEOG Administrative Allowance	84.007		47,111
Federal Work-Study Program	84.033		126,344
Federal Work-Study Program Administrative Allowance	84.033		6,317
Subtotal Student Financial Assistance Cluster			19,114,323
TRIO Cluster			
TRIO Upward Bound Program	84.047A		280,588
TRIO Talent Search Program	84.044A		307,091
Subtotal TRIO Cluster			587,679
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		17,680,697
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		13,408,846
Subtotal			31,089,543
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	21-C01-840	533,606
Passed through California Department of Education			
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A	14508, 13978	519,080
Adult Education: English Literacy & Civics Education - Local Grant	84.002A	14109	268,184
Subtotal			787,264
Strengthening Institutional Success (Title V)	84.031S		346,122
Total U.S. Department of Education			52,458,537
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	13666	32,175
COVID-19: Emergency Operations Costs Reimbursement	10.558	15577	8,547
Subtotal			40,722
Total U.S. Department of Agriculture			40,722

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Veterans Affairs			
Veterans Education	64.000		$ 11,648
Chapter 33 - Veterans Post 911 GI Bill	64.028		87,044
Total U.S. Department of Veterans Affairs			98,692
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	112,930
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	20-21-4474	16,974
Passed through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	54,480
Child Care Development Block Grant	93.575	15136	34,937
Child Care Development Block Grant	93.575	CCTR-1973	8,970
Subtotal Child Care and Development Fund (CCDF) Cluster			115,361
Total U.S. Department of Health and Human Services			228,291
Total Federal Financial Assistance			$ 52,826,242

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

	Program Revenues					
Program	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Board Financial Assistance Program	$ 781,720	$ -	$ -	$ 206,776	$ 574,944	$ 574,944
Veterans Resource Center Restricted Funds	697,314	-	-	538,835	158,479	158,479
Student Success and Completion Grant	2,105,908	-	-	258,933	1,846,975	1,846,975
Financial Aid Technology	154,723	-	-	140,996	13,727	13,727
Mental Health Support	249,971	-	-	236,407	13,564	13,564
College Promise	2,031,470	-	-	1,404,917	626,553	626,553
COVID Block Grant Prop 98	721,861	-	-	-	721,861	721,861
Extended Opportunity Program & Services	780,302	-	-	13,406	766,896	766,896
Cooperative Agencies Resources for Educ.	241,558	-	-	2,359	239,199	239,199
Undocumented Resource Liaison	170,208	-	-	40,147	130,061	130,061
Immediate Action Budget Package	914,542	-	-	695,038	219,504	219,504
Basic Needs Center	617,695	-	-	599,201	18,494	18,494
LBGTQ+	87,063	-	-	87,063	-	-
Disabled Students Program	1,669,885	-	-	823,112	846,773	846,773
Library Services Platform	12,821	-	-	12,821	-	-
CalWORKS	829,183	-	-	229,298	599,885	599,885
Student Equity and Achievement	6,882,092	-	-	1,660,211	5,221,881	5,221,881
Guided Pathways Initiative	300,820	-	-	-	300,820	300,820
Staff Diversity	330,186	-	-	303,017	27,169	27,169
Classified Professional Development	58,385	-	-	56,360	2,025	2,025
Culturally Competent Faculty Professional Development	50,435	-	-	50,435	-	-
Instructional Improvement Block Grant	188,920	-	-	121,369	67,551	67,551
Nursing	93,676	-	-	-	93,676	93,676
California Adult Education Program	2,402,301	-	-	1,413,743	988,558	988,558
Strong Workforce Program SWP Local Apportionment	5,825,152	-	-	2,378,197	3,446,955	3,446,955
Apprenticeship Allowance	10,070	-	-	10,070	-	-
Prekindergarten & Family Literacy	2,120	2,880	-	-	5,000	5,000
Inland Empire/Desert Region Strong Workforce Program	607,770	417,971	-	-	1,025,741	1,025,741
Puente Program - Regents of UC	15,500	-	-	3,000	12,500	12,500

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
SCCCD Innovation and Effectiveness	$ 200,000	$ -	$ -	$ 200,000	$ -	$ -
Inland Empire/Desert Region Employment Engagement Manager	100,300	-	-	100,300	-	-
Invention and Inclusie Innovation(i3) Initiative	-	4,012	-	-	4,012	4,012
Restricted State Lottery Prop 20	746,519	362,298	-	-	1,108,817	1,108,817
Urban Institute CTE CoLab	13,049	-	-	13,049	-	-
General Child Care and Development Program (CCTR8172)	259,269	44,234	-	-	303,503	303,503
California State Preschool (CSPP8382)	536,718	178,906	-	-	715,624	715,624
Child and Adult Care Food Program - State subsidies	1,122	284	-	-	1,406	1,406
Childcare State Tax Bailout	14,155	-	-	-	14,155	14,155
Childcare Stipends	39,500	-	-	37,360	2,140	2,140
Cal Grant B	2,566,374	-	70,109	-	2,496,265	2,496,265
Cal Grant C	70,888	-	-	-	70,888	70,888
Total state programs	$ 33,381,545	$ 1,010,585	$ 70,109	$ 11,636,420	$ 22,685,601	$ 22,685,601

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit*	0.23	-	0.23
2. Credit	1,275.64	-	1,275.64
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit*	34.45	-	34.45
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,215.67	-	1,215.67
(b) Daily Census Contact Hours	94.26	-	94.26
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	239.14	-	239.14
(b) Credit	122.96	-	122.96
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	6,192.84	-	6,192.84
(b) Daily Census Procedure Courses	1,243.40	-	1,243.40
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,418.59	-	10,418.59
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	249.95	-	249.95
2. Credit	3.40	-	3.40
CCFS-320 Addendum			
CDCP Noncredit FTES	224.18	-	224.18
Centers FTES			
1. Noncredit	44.17	-	44.17
2. Credit	1,031.74	-	1,031.74

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 13,857,644	$ -	$ 13,857,644	$ 13,857,644	$ -	$ 13,857,644
Other	1300	10,138,810	-	10,138,810	10,138,810	-	10,138,810
Total Instructional Salaries		23,996,454	-	23,996,454	23,996,454	-	23,996,454
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	6,222,475	-	6,222,475
Other	1400	-	-	-	1,102,952	-	1,102,952
Total Noninstructional Salaries		-	-	-	7,325,427	-	7,325,427
Total Academic Salaries		23,996,454	-	23,996,454	31,321,881	-	31,321,881
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	14,238,443	-	14,238,443
Other	2300	-	-	-	1,127,801	-	1,127,801
Total Noninstructional Salaries		-	-	-	15,366,244	-	15,366,244
Instructional Aides							
Regular Status	2200	1,789,964	-	1,789,964	1,789,964	-	1,789,964
Other	2400	419,944	-	419,944	419,944	-	419,944
Total Instructional Aides		2,209,908	-	2,209,908	2,209,908	-	2,209,908
Total Classified Salaries		2,209,908	-	2,209,908	17,576,152	-	17,576,152
Employee Benefits	3000	11,154,953	-	11,154,953	22,131,569	-	22,131,569
Supplies and Material	4000	-	-	-	639,685	-	639,685
Other Operating Expenses	5000	-	-	-	5,367,033	-	5,367,033
Equipment Replacement	6420	-	-	-	4,493	-	4,493
Total Expenditures Prior to Exclusions		37,361,315	-	37,361,315	77,040,813	-	77,040,813

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 388,424	$ -	$ 388,424	$ 388,424	$ -	$ 388,424
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,590,666	-	1,590,666
Objects to Exclude							
Rents and Leases	5060	-	-	-	46,821	-	46,821
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,132,220	$ -	$ 2,132,220
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		388,424	-	388,424	4,158,131	-	4,158,131
Total for ECS 84362, 50% Law		$ 36,972,891	$ -	$ 36,972,891	$ 72,882,682	$ -	$ 72,882,682
Percent of CEE (Instructional Salary Cost/Total CEE)		50.73%		50.73%	100.00%		100.00%
50% of Current Expense of Education					$ 36,441,341		$ 36,441,341

Activity Classification	Object Code			Unrestricted
EPA Revenues:	8630			$ 24,211,270
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 24,211,270	$ -	$ -	$ 24,211,270
Total Expenditures for EPA		$ 24,211,270	$ -	$ -	$ 24,211,270
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 57,889,337	
Special Revenue Funds	3,892,536	
Capital Project Funds	79,123,994	
Debt Service Funds	32,637,339	
Proprietary Funds	1,869,939	
Internal Service Funds	813,057	
Total fund balance - all District funds		$ 176,226,202
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	365,154,077	
Accumulated depreciation is	(72,543,901)	
The cost of right-to-use leased assets is	3,470,845	
Accumulated amortization is	(289,667)	
Less: capital assets already recorded in proprietary funds	(4,566)	
Total capital and right-to-use leased assets, net		295,786,788
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	2,727,078	
Deferred outflows of resources related to pensions	19,607,155	
Total deferred outflows of resources		22,334,233
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(3,924,047)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(273,873,446)	
Leases	(2,996,588)	
Compensated absences	(2,393,420)	
Load banking	(272,958)	
Aggregate net other postemployment benefits (OPEB) liability	(6,030,665)	
Aggregate net pension liability	(59,003,873)	
Total long-term liabilities		(344,570,950)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(1,433,178)	
Deferred inflows of resources related to pensions	(37,545,522)	
Total deferred inflows of resources		(38,978,700)
Total net position		$ 106,873,526

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Expenditures of Federal Awards

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

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

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

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of the Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2022

Mt. San Jacinto Community College District

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Mt. San Jacinto Community College District
San Jacinto, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Mt. San Jacinto Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2022.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 10, 2022

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Mt. San Jacinto Community College District
San Jacinto, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 10, 2022

Independent Auditor's Report on State Compliance

Board of Trustees
Mt. San Jacinto Community College District
San Jacinto, California

Report on State Compliance

We have audited Mt. San Jacinto Community College District's (the District) compliance with the types of compliance requirements described in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2022.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

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

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

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

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 10, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Mt. San Jacinto Community College District

Financial Statements

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

Federal Awards

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

Identification of major programs

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

Dollar threshold used to distinguish between type A and type B programs	$1,584,787
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

None reported.

None reported.

None reported.

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