



Financial Statements  
June 30, 2020

# Mt. San Antonio Community College District



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## Independent Auditor's Report

Board of Trustees  
Mt. San Antonio Community College District  
Walnut, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Mt. San Antonio College Auxiliary Services), and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 23, and other required supplementary schedules on pages 82 through 87, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other accompanying supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures of Federal Awards and other accompanying 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.

The accompanying unaudited supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
February 17, 2021



## **Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the Mt. San Antonio Community College District (the District) for the year ended June 30, 2020. This discussion is prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Mt. San Antonio Community College District is a public Community College district that offers a diversified program designed to develop qualities of general education essential for citizens in a democratic society. The mission of the College is to support and empower all students in achieving their educational goals in an environment of academic excellence. Specifically, the College is committed to providing quality education, services, and workforce training so that students become contributing members of a diverse, sustainable, global society. The College pledges to serve students so that they may achieve their full educational potential for lifelong learning, for attaining associate degrees and certificates, for employment, and for the completion of career and transfer pathways. The College will carry out this commitment by providing an engaging and supportive teaching and learning environment for students of diverse origins, experiences, needs, abilities, and goals. The College is dedicated to serving our community through improving economic achievement, advancing civic engagement, enhancing personal well-being, developing critical thinking, and enriching aesthetic and cultural experiences.

Mt. San Antonio Community College District has emerged as a leader in education not only in the San Gabriel Valley, but in the State of California. The District is the largest, single-campus community college district in the State. The District proudly celebrates over 72 years of educational excellence. The District will continue to offer access to quality programs and services, as well as provide an environment for educational excellence throughout the 21st century.

## **Accounting Standards**

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and in November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which have been amended by GASB Statements No. 37, No. 38, and No. 39. These statements established that for financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow the standards under the Business Type Activity (BTA) model. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows; instead of the fund group perspective previously required. The District is reporting its financial statements according to these standards.

### **BOARD OF TRUSTEES**

Dr. Manuel Baca • Jay F. Chen • Judy Chen Haggerty, Esq.  
Gary Chow • Robert F. Hidalgo • Peter Hidalgo • Laura L. Santos

**COLLEGE PRESIDENT / CEO** – Dr. William T. Scroggins

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement impacts the accounting and reporting (accrual basis) of pension expense and net pension liability by reflecting the amounts on the government-wide financial statements. The California Community Colleges Chancellor's Office recommended that all California community colleges follow these new standards to reflect the proportionate share of the CalSTRS and CalPERS pension expense and net pension liability. The District has implemented the provisions of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting Postemployment Benefit Plans Other than pensions Plans*. The principal objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports (financial reports) of State and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. GASB Statement No. 75 also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this GASB Statement No. 74 refer to GASB Statement No. 75. The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees (both active employees and inactive employees) are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). One aspect of that objective is to provide information about the effects of OPEB-related transactions and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB obligations and the resources, if any, available to satisfy those obligations. An additional objective of this Statement, is to improve the information provided in government financial reports about OPEB-related financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. Finally, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes standards of financial reporting for defined benefit OPEB plans and defined contribution OPEB plans. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this Statement refer to GASB Statement No. 74. The District has implemented the provisions of this Statement as of June 30, 2018.

## FINANCIAL HIGHLIGHTS

This section is to provide an overview of the District's financial activities. A comparative analysis is included in the Management's Discussion and Analysis using prior year information.

### Selected Highlights

- Prior to July 2009, the Los Angeles County Superintendent of Schools provided the District with fiscal, budgetary, and financial management services through a contractual agreement for many years. On August 27, 2008, the Board of Trustees approved the District's application to the Los Angeles County Superintendent of Schools requesting Fiscal Accountability Status. The District began this process by following the steps as defined in Education Code Section 85266, which required adhering to statutory requirements with specific deadlines. Part of this approval process was to demonstrate to the Los Angeles County Superintendent of Schools that the District had a financial management system in place, as it would no longer be using the County's Finance and Payroll Systems. The integrity and security of the new Banner Finance and Human Resources/Payroll systems were validated by a team of external auditors prior to obtaining Fiscal Accountability Status. In addition, the auditors also validated that the District had a system of adequate internal controls, processes and procedures.

Effective July 1, 2009 the District obtained Fiscal Accountability Status as approved by the Los Angeles County Superintendent of Schools. Achieving the Fiscal Accountability Status was necessary, because it allowed the District to implement an integrated management information system without the need for extensive interfaces with the County's systems. This transition has given departments the ability to obtain accurate and timely information that is required to monitor budgets and analyze current financial data in order to ensure sound financial decision making.

As a result of the Fiscal Accountability Status, the District assumed the majority of the responsibilities previously performed by the Los Angeles County Superintendent of Schools for fiscal, budget, human resources/payroll, and financial management systems processing. In addition, the District assumed oversight for the internal audit function for the issuance of payroll and commercial warrants. With the Fiscal Accountability Status, the Los Angeles County Superintendent of Schools retained high-level oversight of the District, but was no longer involved in the day-to-day activities. Their role was to ensure that the District complied with the approved Fiscal Accountability Plan.

This transfer of responsibilities from the Los Angeles County Superintendent of Schools to the District was an enormous undertaking. The time and effort required to obtain Fiscal Accountability Status was achieved by hard work, collaboration, and dedication by the District's staff.

- In August 2011, after two years of operation, under the Fiscal Accountability Status, the District submitted an application to the County Superintendent of Schools and the State Chancellor's Office to obtain Fiscal Independence Status.

Under *Education Code* Section 85266.5, Fiscal Independence is granted upon the approval of the Board of Governors of the California Community College Systems Office, based largely on the recommendation from the Los Angeles County Superintendent of Schools and the Los Angeles County Auditor/Controller, supported by the results of an assigned independent Certified Public Accountant firm's survey of Mt. San Antonio College's accounting controls. Obtaining Fiscal Independence Status allows the District to have broad authority to issue warrants without the review or approval of the Los Angeles County Superintendent of Schools or the Los Angeles County Auditor/Controller.

Based on the District's excellent reputation for fiscal management, validation of the internal controls by a team of external auditors, a recommendation from the Los Angeles County Superintendent of Schools, and a recommendation from the Los Angeles Auditor-Controller, the State Chancellor's Office submitted a request to the Board of Governors to grant Fiscal Independence Status to Mt. San Antonio Community College District. On November 7, 2011, the Board of Governors approved Mt. San Antonio College Fiscal Independence Status, effective July 1, 2012.

In March 2017, the College received a commendation from the Accrediting Commission for Community and Junior Colleges for successfully completing the rigorous testing and implementation required to achieve fiscal independence status. The College has been operating under the fiscal independence status since the fiscal year 2012-2013, evidence of compliance is included in the Fiscal Independence oversight reports issued by the Los Angeles County Office of Education.

- On November 6, 2001, the voters of the District approved a \$221 million general obligation bond (Measure R) under Proposition 39 to provide better facilities for the students, faculty, and the community. Originally, there were 17 construction projects planned, but due to the increase in construction costs, three of these projects were eliminated; which left 14 major projects to be undertaken. Ground breaking began, for some of the projects, during 2001-2002 and continued through 2015-2016. The proceeds of these general obligation bond funds were completely expensed in June 30, 2015, and the bonds have been paid off. The following bonds were issued:
  - \$40 million Series A were issued in May 2002.
  - \$75 million Series B were issued in February 2004.
  - \$80 million Series C were issued in September 2006.
  - \$26 million Series D were issued in July 2008.
  
- On November 4, 2008, the voters of the District approved a \$353 million general obligation bond (Measure RR) under Proposition 39 to finance the repair, upgrade and acquisition of equipment and instructional facilities for the science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The following bonds were issued:
  - \$205.6 million Series A and \$11.7 million Series B were issued in August 2013.
  - \$20 million Series C were issued in September 2015.
  - At June 30, 2020, the principal balance outstanding from the Measure RR bonds was \$279.2 million and unamortized premium received on the bonds was \$9.2 million.

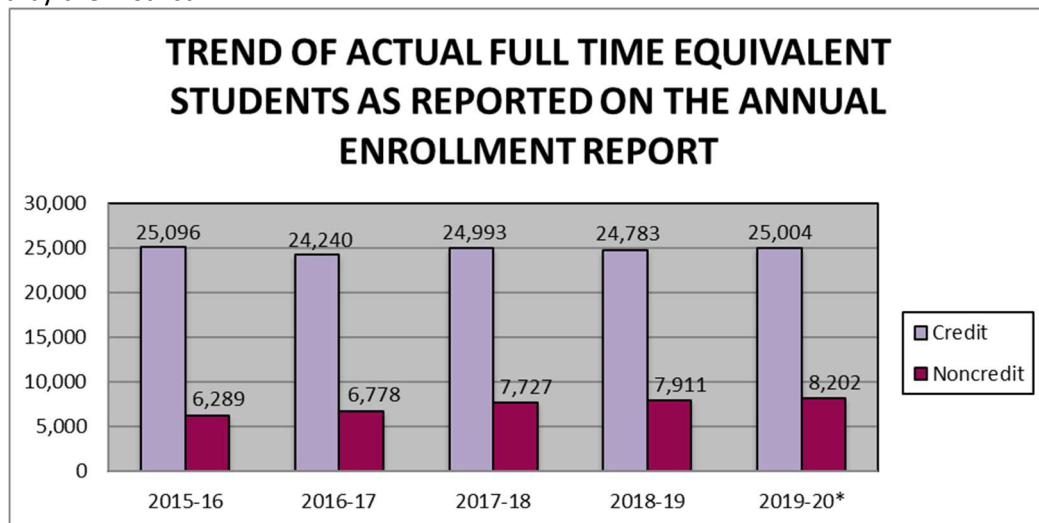


- On May 1, 2010, the District issued \$65 million in bond anticipation notes. This was the result of the District's inability to issue bonds from the 2008 election (Measure RR) due to the decreased property valuations and the need to continue with scheduled construction projects. These bond anticipation notes financed the repair, upgrade, acquisition, construction and equipment of certain District property and facilities, and an escrow account was established to retire the debt for the 2008 lease revenue bonds. The District retired these bond anticipation notes obligation in August 2013 with the issuance of Series A and B 2008 Election general obligation bonds (Measure RR).
- On April 6, 2017, the District issued \$90 million, under the Measure RR authorization, in bond anticipation notes. These bond anticipation notes were issued to finance the remaining cost of the Business Project, the startup cost of the Athletics Complex, the design of the Campus Center, and other campus-wide improvements. At June 30, 2020, the principal balance outstanding was \$96.6 million and unamortized premium received on the bonds was \$145.8 thousand.
- On January 29, 2019, the District issued \$25.7 million, under the Measure RR authorization, in bond anticipation notes. These bond anticipation notes financed facility improvements. The District paid in full these bond anticipation notes on April 4, 2019 from the proceeds of Series 2019A 2018 Election general obligation bonds (Measure GO).
- On November 6, 2018, the voters of the District approved a \$750 million general obligation bonds (Measure GO) under Proposition 39 to finance facilities to support more students, help local students transfer to four-year universities, train more workers, and improve safety. The following bonds were issued:
  - \$310.7 million Series 2019A were issued in April 2019.
  - At June 30, 2020, the principal balance outstanding was \$310.7 million and unamortized premium received on the bonds was \$32.4 million.

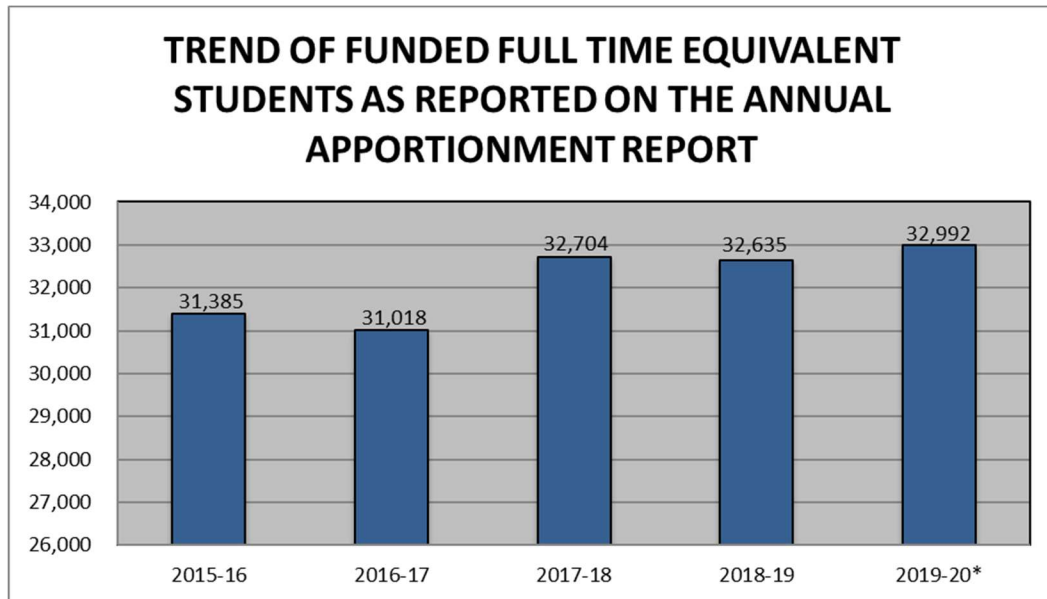
The following general obligation bonds have been issued to refund bonds for the election 2001 (Measure R) and election 2008 (Measure RR):

- \$75.7 million refunding bonds were issued in September 2005. This issuance refunded certain Series A and B bonds.
- \$29.9 million refunding bonds were issued in June 2012. This issuance refunded certain 2005 refunding bonds.
- \$74.9 million Series A and \$48.2 million Series B refunding bonds were issued in August 2013. These issuances refunded certain 2006 Series C bonds, 2005 refunding bonds, and 2012 refunding bonds.
- \$19.4 million 2015 refunding bonds were issued in September 2015. This issuance refunded certain 2008 Series D bonds.
- \$60.4 million 2020A refunding bonds were issued in February 2020. Portion of this issuance refunded certain 2013 Series A bonds.
- \$30.1 million crossover refunding bonds were issued in February 2020. This issuance advance refunded certain 2013 Series A bonds.
- At June 30, 2020, the principal balance outstanding was \$158.6 million and unamortized premium received on the bonds was \$7.0 million.

- Apportionment revenues are calculated based on the Student-Centered Funding Formula (SCFF), effective since the fiscal year 2018-19. The formula uses three allocations. The first portion is the Base allocation, which primarily includes average counts of credit FTEs of the current budget year, prior year, and prior prior year. The base allocation also includes a basic allocation, noncredit, CDCP, and Special Admit FTEs. The basic allocation is established on the number of colleges and comprehensive centers. The Noncredit, CDCP (Enhanced Noncredit Career Development and College Preparation), and Special Admit Credit FTEs are funded at full rates. The second portion is the Supplemental allocation, which includes counts of low-income students or students that receive Pell grants, Promise grants, and Nonresident tuition exemptions. The third portion is the Student Success allocation, which includes counts of outcomes in the form of certificates, degrees, and transfers with premiums for outcomes of low-income students. All counts are multiplied by established rates. Cost-of-living adjustment (COLA) is applied to these rates. The combination of the base allocation, supplemental allocation, and student success allocation results in the Total Computational Revenue or TCR.
- In accordance to the enacted 2019-20 Budget Act, the funding rates for the Student-Centered Funding Formula (SCFF) were based on a 70/20/10 percent split for the base, supplemental, and student success allocations. These rates were recalculated and established by the Chancellor’s Office and released in the 2019-20 first principal apportionment (P-1) of February 2020. The College made great progress with the SCFF and had an ongoing increase of \$10 million calculated at the 2019-20 first principal apportionment. As a result of the COVID-19 pandemic declared in March 2020, the College applied for Emergency Conditions and maintained its February 2020 level of funding for the fiscal year 2019-20.
- Credit and noncredit FTES continue to be the basis for which the District receives the biggest portion of State apportionment under the new the Student-Centered Funding formula. As of June 30, 2020, FTES were measured at the February 2020 level for the fiscal year 2019-20 because the District applied for Emergency Conditions due to COVID-19. The total actual full-time equivalent students (FTES) increased from 32,694 to 33,206, a 1.6 percent increase for credit and noncredit students. Credit increased from 24,783 in 2018-2019 to 25,004 in 2019-2020, and noncredit increased from 7,911 in 2018-2019 to 8,202 in 2019-2020. The District is offering more dual enrollment and noncredit courses and has become the largest Community College District in the State offering noncredit classes. The following shows a five year trend for actual FTES produced by the District:



\*Measured as of February 2020 due to applying for Emergency Conditions.



\*Measured as of February 2020 due to applying for Emergency Conditions.

The District ended the fiscal year 2019-2020 with an ending fund balance of \$62.0 million in the Unrestricted General Fund, which represents 28.2 percent of the total expenditures, well above the 10 percent unassigned fund balance board policy.

Mt. SAC received \$17.5 million Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Half of the aid was for emergency grants for students to help them pay for housing, food, and other basic essentials. The other half is to help the College with expenditures related to significant changes to the delivery of instruction due to the coronavirus. Mt. SAC distributed \$8.7 million emergency grants for students, including Dreamer students. The College has been consistently investing the remaining half of the funds in laptops, hot-spots, personal protective equipment, instructional materials, faculty training to teach online, and student fee reimbursements.

### **Financial Statement Presentation and Basis of Accounting**

The District's financial report includes three financial statements: The Statement of Net Position; the Statement of Revenues, Expenses and Change in Net Position; and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35 which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds including Student Financial Aid Programs.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311), based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting is as follows:

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance:		
General funds	\$ 65,324,618	
Child development	977,162	
Health services	1,326,601	
Debt service	96,160,891	
Capital outlay	23,013,747	
Bond construction	196,140,566	
Farm operations	129,450	
Fiduciary funds	<u>3,305,034</u>	
Total fund balance per CCFS-311 report	386,378,069	
Funds not included in the CCFS-311 report	<u>114,568,976</u>	
Total fund balance - all district funds		500,947,045
Amounts held in trust on behalf of others (Trust and Agency Funds)		(117,866,683)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	817,811,969	
Accumulated depreciation is	<u>(192,137,170)</u>	625,674,799
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.		(7,500,477)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred charges on refunding	7,987,217	
Deferred outflows of resources related OPEB	32,100,608	
Deferred outflows of resources related to pensions	<u>65,578,651</u>	
Total Deferred Outflows of Resources		105,666,476
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related OPEB	(26,882,045)	
Deferred inflows of resources related to pensions	<u>(11,809,694)</u>	
Total Deferred Inflows of Resources		(38,691,739)

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:

Bonds and notes payable	\$(751,557,466)	
Premium on bonds and notes payable	(48,752,828)	
Compensated absences	(3,022,111)	
Aggregate net other postemployment benefits (OPEB) liability	(59,389,851)	
Aggregate net pension liability	(250,636,119)	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	<u>(93,532,236)</u>	
		<u>(1,206,890,611)</u>
Total Net Position		<u><u>\$ (138,661,190)</u></u>

### Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point in time financial statement. The purpose of this statement is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position (assets minus liabilities).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the District.

The difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District as the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position; this net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

Mt. San Antonio Community College District  
Management's Discussion and Analysis  
June 30, 2020

Our analysis below focuses on net position and change in net position of the District's business-type activities.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets</b>			
Cash and investments	\$ 409,246,067	\$ 464,275,806	\$ (55,029,739)
Accounts receivable and other current assets	22,243,525	10,636,774	11,606,751
Capital assets (net)	<u>625,674,799</u>	<u>553,387,637</u>	<u>72,287,162</u>
Total assets	<u>1,057,164,391</u>	<u>1,028,300,217</u>	<u>28,864,174</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	7,987,217	1,890,913	6,096,304
Deferred outflows related to OPEB	32,100,608	35,839,564	(3,738,956)
Deferred outflows related to pensions	<u>65,578,651</u>	<u>70,867,338</u>	<u>(5,288,687)</u>
Total deferred outflows of resources	<u>105,666,476</u>	<u>108,597,815</u>	<u>(2,931,339)</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	29,668,093	29,829,395	(161,302)
Unearned revenue	16,079,129	16,148,136	(69,007)
Current portion of long-term liabilities	45,563,500	16,160,000	29,403,500
Long-term liabilities	<u>1,171,489,596</u>	<u>1,162,265,119</u>	<u>9,224,477</u>
Total liabilities	<u>1,262,800,318</u>	<u>1,224,402,650</u>	<u>38,397,668</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	26,882,045	15,272,562	11,609,483
Deferred inflows related to pensions	<u>11,809,694</u>	<u>8,999,361</u>	<u>2,810,333</u>
Total deferred inflows of resources	<u>38,691,739</u>	<u>24,271,923</u>	<u>14,419,816</u>
<b>Net Position</b>			
Net investment in capital assets	47,718,494	64,137,431	(16,418,937)
Restricted	83,676,424	69,934,716	13,741,708
Unrestricted deficit	<u>(270,056,108)</u>	<u>(245,848,688)</u>	<u>(24,207,420)</u>
Total Net Position (Deficit)	<u><u>\$(138,661,190)</u></u>	<u><u>\$(111,776,541)</u></u>	<u><u>\$ (26,884,649)</u></u>

This schedule has been prepared from the District *Statement of Net Position* (page 24), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and short-term investments consist primarily of funds held in the County Treasury. The changes in cash position are explained in the *Statement of Cash Flows* (pages 26-27).

- The total cash and investments balance decreased by \$55.0 million. The General Fund cash decreased by \$8.9 million primarily as result of a decrease in the 2019-20 Education Protection Account (EPA) statewide funding of \$455 million, payments to essential workers, payments to cover the Parking Services operations due to losses in student parking permits funding, payments for the COVID-19 Block Grant federal portion expenditures, and CARES Act Institutional expenditures. The EPA funding is expected to be recovered when the 2020-21 Budget Act is approved. The COVID-19 Block Grant federal portion and CARES Act Institutional expenditures were reimbursed in the 2020-21 fiscal year. The Bond Interest Redemption Fund increased by \$44.9 million mainly due to property tax collections from the Series 2019A 2018 Election (Measure GO) general obligation bonds and investments in Series 2020B 2008 Election (Measure RR) Crossover Refunding bonds issued in February 2020. The Capital Outlay and the Bond Construction funds had a decrease of \$91.0 million. The cash decreased for payments made to contractors essentially centered in the Athletics Complex Phase 2, the Athletic Complex Scoreboard, the Public Transportation Center, the Parking Structure Lot S, the Parking Lot A Improvements, and the Utility Infrastructure Central Campus project.
- Total account receivables and other assets had a net increase of \$11.6 million. The General Fund increased by \$11.3 million mostly due to the accrual of the 2019-20 apportionment and the CARES Act Institutional funding. The Capital Outlay Fund decreased by \$0.8 million for the Physical Education Complex accruals when compared to the 2018-19 fiscal year. The interest receivable increased by \$1.1 million for the Series 2019A Measure GO general obligation bonds issued in April 2019.
- Capital assets had a net increase of \$72.3 million. The District had additions of \$238.9 million related to equipment purchases, site and site improvement, and construction in progress. The District recognized a depreciation expense of \$20.2 million during 2019-2020. The capital asset section of this discussion and analysis provides additional information.
- In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District accounted for deferred outflows and deferred inflows related to OPEB. The deferred outflows of resources related to OPEB decreased by \$3.7 million and the deferred inflows of resources related to OPEB increased by \$11.6 million. The deferred outflows of resources decreased due to amortization of prior year balances. The deferred inflows of resources increased due to a change in assumptions related to the change in benefit providers, which lowered the total OPEB liability.

- Changes in net pension liability attributable to experience gain/losses, assumption changes, and differences between projected and actual earnings on investments not recognized as expenses during the 2019-2020 fiscal year are accounted for as deferred inflows and outflows of resources.

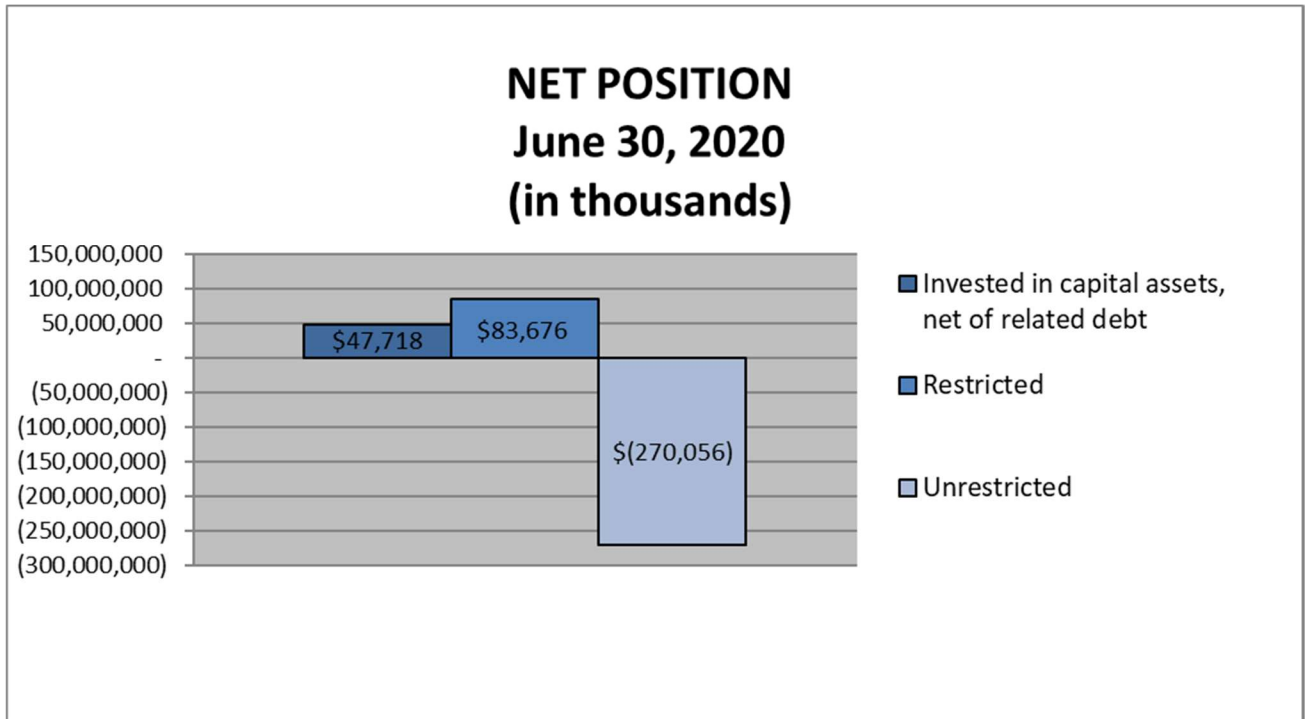
The deferred outflows of resources related to pensions had a net decrease of \$5.3 million. CalSTRS deferred outflows of resources decreased by \$0.3 million, while CalPERS deferred outflows decreased by \$5.0 million. The deferred outflows of resources related to pensions decreased due to the amortization of the deferred outflows netted with increased benefit contributions for the 2019-2020 fiscal year.

The deferred inflows of resources related to pensions increased by \$2.8 million. CalSTRS deferred inflows of resources increased by \$1.4 million due to differences between expected and actual experience. CalPERS deferred inflows increased by \$1.4 million due the actual rate of return exceeding the expected rate of return, resulting in an increase of deferred inflows and a decrease of the net pension liability. See Note 13 for detailed information related to the aggregate net pension obligation and the associated deferred inflows and outflows of resources.

- Accounts payable and accrued liabilities had a net decrease of \$161 thousand. While accounts payable decreased by \$1.9 million, the accrued interest payable increased by \$1.7 million. The College had a reduction in the accounts payable because the College did not have an accounts payable apportionment accrual or payments of increases in health and welfare contributions for full-time faculty as it did in the previous fiscal year. The accrued interest payable increased primarily due to the interest accrual of the 2019A Measure GO general obligation bonds.
- The long-term liabilities (current and noncurrent) had a net increase of \$38.6 million mainly attributed to the issuance of the Series 2020A Measure R and Measure RR general obligation refunding bonds and 2020B Measure RR crossover refunding bonds issued in February 2020.
- The District's net position was \$(138.7) million for the fiscal year ended June 30, 2020. Of this amount, \$(270.1) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations.



The following is a graphic representation of the Net Position as of June 30, 2020:



**Statement of Revenues, Expenses, and Change in Net Position**

Change in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position (page 25). The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not, by the District, the operating and nonoperating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

A summarized comparison of the Statement of Revenues, Expenses, and Change in Net Position is presented below:

	2020	2019	Change
Operating Revenues			
Tuition and fees	\$ 18,110,692	\$ 20,916,412	\$ (2,805,720)
Grants and contracts	54,673,436	53,958,987	714,449
Enterprise sales and charges	102,962	166,731	(63,769)
Total operating revenues	<u>72,887,090</u>	<u>75,042,130</u>	<u>(2,155,040)</u>
Operating Expenses			
Salaries and benefits	263,496,420	244,321,263	19,175,157
Supplies, materials, and other operating expenses	33,681,788	40,348,228	(6,666,440)
Student financial aid	62,490,761	46,593,917	15,896,844
Depreciation	20,182,015	16,614,293	3,567,722
Total operating expenses	<u>379,850,984</u>	<u>347,877,701</u>	<u>31,973,283</u>
Loss on operations	<u>(306,963,894)</u>	<u>(272,835,571)</u>	<u>(34,128,323)</u>
Nonoperating Revenues (Expenses)			
State apportionments	131,591,582	124,235,808	7,355,774
Property taxes	103,178,400	78,653,882	24,524,518
Federal and State financial aid grants	57,852,568	42,994,057	14,858,511
State taxes and other revenues	8,616,419	9,035,382	(418,963)
Net interest expense	(24,271,123)	(22,968,638)	(1,302,485)
Other nonoperating revenues (expenses)	1,992,807	2,268,624	(275,817)
Total nonoperating revenues (expenses)	<u>278,960,653</u>	<u>234,219,115</u>	<u>44,741,538</u>
Other Revenues			
State, local capital income, and loss on disposal of capital assets	<u>1,118,592</u>	<u>7,178,321</u>	<u>(6,059,729)</u>
Net Change in Net Position	<u>\$ (26,884,649)</u>	<u>\$ (31,438,135)</u>	<u>\$ 4,553,486</u>

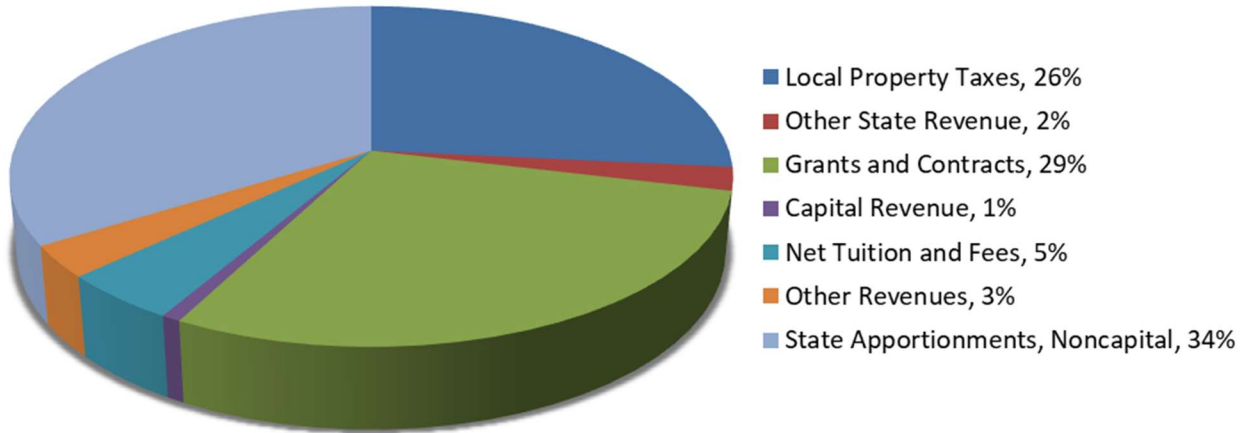
The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding: the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$307.0 million is balanced by other funding sources. Total District expenses exceeded total revenues by \$26.9 million for the year ended June 30, 2020.

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

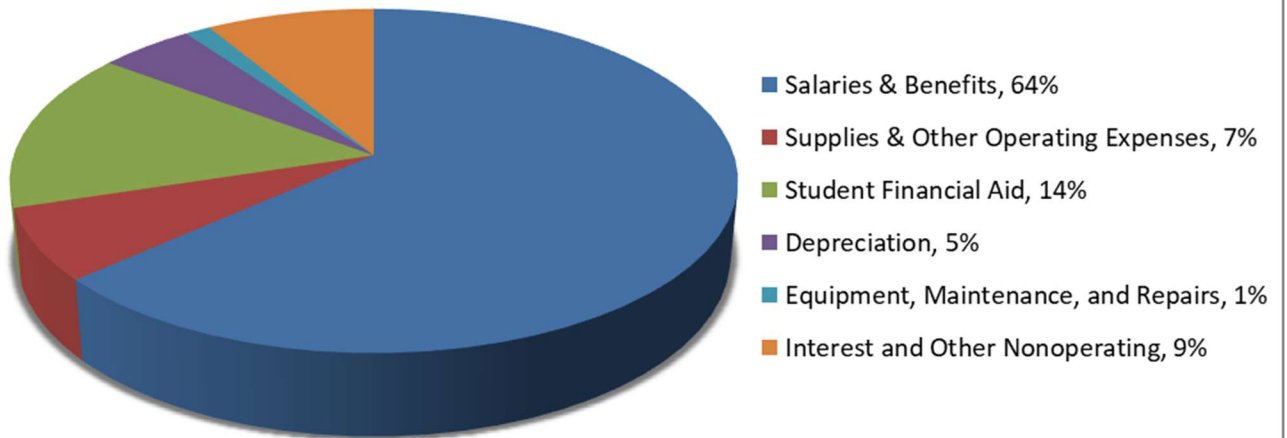
Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 10 of the financial statements.

- Net enrollment, tuition and fees decreased by \$2.8 million. This reduction is attributed to the student fee refunds, including the parking permit refunds, in the Spring 2020 as a result of the COVID-19 pandemic campus closure.
- Grants and Contracts had a net increase of \$714.4 thousand. This increase is primarily due to the increase in funding of the CARES Institutional Act and decreases in funding for the Instructional Equipment grant and the Strong Workforce Program.
- The net increase in operating expenses of \$32.0 million is mainly due to the following items: an ongoing 3.26 percent salary and benefit increases for all employee groups; health and welfare changes to tier rates; new faculty positions; increases in CalSTRS and CalPERS employer contributions due to rate increases; increase in pension obligations as established by GASB; increases in Pell, Cal Grants, and CARES Act Emergency financial aid grant to students; and an increase in depreciation expense. There were decreases in operating expenses as a result of the COVID-19 pandemic primarily centered in staff and student travel and contracted services.
- Since the fiscal year 2012-2013, the District's base apportionment sources of funding include property taxes, enrollment fees, State apportionment, and the Education Protection Account (EPA). Districts' State aid is reduced by one dollar for each dollar received from EPA, local property taxes, and enrollment fees. The EPA was created in November 2012 by Proposition 30 and was amended with Proposition 55 on November 2016. Proposition 55 extends the temporary personal income tax increases enacted in 2012 until December 2030. The State apportionment noncapital increased by \$7.4 million as a result of increases in the SCFF due to the recalculation of the rates released in February 2020, strong FTES counts accounting for 75 percent of the total District's SCFF funding, and FTES growth in the noncredit programs.
- Property taxes levied for general purposes and for other specific purposes had a net increase of \$24.5 million. The property taxes levied for general purposes increased by \$2.1 million as a result of higher collections of the Property Taxes Secured Roll, Education Revenue Augmentation Fund (ERAF), and Redevelopment Agency Asset Liquidation. Property taxes for other specific purposes increased by \$22.4 million due to the collections of the Measure GO Series 2019A general obligation bond repayments.
- Federal and State financial aid increased by \$14.9 million. The increases primarily include Pell Grants, Cal Grants, and CARES Emergency Grants. The increases in Pell and Cal Grants are the result of higher student applications and increases in the annual awards. The Pell Grant increased from \$6,095 to \$6,195, and the Cal Grant increased from \$1,672 to \$6,024. The increase in CARES emergency grants are the result of the COVID-19 pandemic as part of the Higher Education Emergency Relief funds to higher education institutions to directly support students facing urgent needs.
- Net interest expenses increased by \$1.3 million essentially as a result of the recognition of the interest expense as of June 30, 2020 of the Series 2019A 2018 Election (Measure GO) general obligation bonds.
- State, local capital income had a net decrease of \$6.1 million. This decrease is primarily attributed to decreases in Proposition 39 Energy Efficiency, Capital Outlay Block Grant funds, and Physical Education Complex State funding (funded on a one-time basis); and an increase in Loss on Disposal of Capital Assets.
- Functional expenses are detailed in Note 16 of the financial statements.

### Revenues for the Year Ended June 30, 2020



### Expenses for the Year Ended June 30, 2020



### Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and obtain external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting and noncapital financing purposes. The third part shows cash flows from capital and related financing activities, disclosing the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Change in Net Position.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Cash Provided by (Used in)			
Operating activities	\$(259,398,008)	\$(234,277,388)	\$ (25,120,620)
Noncapital financing activities	245,547,384	234,075,639	11,471,745
Capital financing activities	(47,842,852)	276,945,110	(324,787,962)
Investing activities	(24,617,309)	3,417,550	(28,034,859)
Net Increase (Decrease) in Cash	(86,310,785)	280,160,911	(366,471,696)
Cash, Beginning of Year	464,275,806	184,114,895	280,160,911
Cash, End of Year	<u>\$ 377,965,021</u>	<u>\$ 464,275,806</u>	<u>\$ (86,310,785)</u>

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

- Cash receipts from "operating activities" are from student enrollment, tuition and other fees. Uses of cash include payments to employees, vendors and students related to the instructional programs. The net increase in cash used by operating activities is primarily due to the timing of when revenue is received and payments are paid.
- Cash received from "noncapital financing activities" had a net increase of \$11.5 million. The main contributors to this net increase are Pell Grants, Cal Grants, CARES Emergency Grants given to students as well as property taxes that is part of the State apportionment to the College.
- The cash from "capital financing activities" had a net decrease of \$324.8 million. Cash primarily decreased because the College did not issue general obligation bonds in the 2019-20 fiscal year compared to the 2018-19 fiscal year. The college issued 2019 general obligation bond anticipation notes for \$25.7 million in January 2019 and Series 2019A 2018 Election (Measure GO) general obligation bonds for \$310.7 million in April 2019.
- Cash provided by "investing activities" decreased by \$28 million mainly due to the purchase of the Series 2020B Crossover Refunding bonds in February 2020.

### **District's Fiduciary Responsibility**

The District includes Mt. San Antonio Auxiliary Services as a component unit. The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. Separate financial statements for the Auxiliary can be obtained through the District.

The Mt. San Antonio Community College District OPEB Trust was established in 2008-2009. The Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Associated Student Trust, Student Loans and Scholarships, Student Representation Fee, Other Trusts, and Student Clubs. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Change in Fiduciary Net Position. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Mt. San Antonio College CalSTRS/CalPERS Trust was established in 2015-2016. The Trust is an irrevocable trust to fund CalSTRS and CalPERS pension obligations. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been also discretely presented in the financial statements.

### **Capital Assets**

As of June 30, 2020, the District had over \$625.7 million invested in depreciable capital assets. The total cost of capital assets of \$817.8 million are comprised of land, buildings and building improvements, construction in progress, vehicles, data processing equipment and other office equipment. These assets have accumulated depreciation of \$192.1 million. During 2019-2020, net capital asset additions and deletions were \$91.2 million. This consists of a net decrease in construction in progress totaling \$53.4 million, a net increase in equipment totaling \$3.7 million, and an increase in buildings and site improvements totaling \$140.8 million. Depreciation expense of \$20.2 million was recorded for the fiscal year.

During 2019-2020, the following projects were capitalized:

- Athletics Complex Phase 2
- Building 26 Air Handlers
- Parking Lot B Improvements
- Parking Lot A Improvements
- Athletics Site Improvements
- Temporary Space Building Upgrade
- Temporary Space Portable Building 40
- Portable Building 46A
- Portable Buildings Athletics
- Building 66 Language Lab Expansion
- Building 26A Restroom Renovation
- Building 26D Restroom Renovation

Construction in progress during 2019-2020 includes the following projects:

- Heritage Hall
- Student Center
- Athletics Complex Phase 2
- Athletics Complex Scoreboard
- Aquatics Complex
- Parking Structure Lot R
- Parking Structure Lot S
- Utility Infrastructure Central Campus
- Parking Lot A Improvements
- West Counseling Modulars
- Bookstore
- Physical Education, Wellness Facility

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

	2020	2019
Land, collections, and construction in progress	\$ 70,132,723	\$ 123,493,169
Buildings and improvements	690,385,428	549,546,115
Furniture and equipment	57,293,818	53,596,043
Total capital assets	817,811,969	726,635,327
Less accumulated depreciation	(192,137,170)	(173,247,690)
Capital assets, net	\$ 625,674,799	\$ 553,387,637

### Long-term Liabilities

On June 30, 2020, the District had \$1,217.1 million in long-term liabilities. The balance includes the remaining principal debt for the 2001 Election (Measure R) bonded debt, the 2008 Election (Measure RR) bonded debt, the 2018 Election (Measure GO) bonded debt, the 2017 (Measure RR) bond anticipation notes, the aggregate net OPEB liability, and the aggregate net pension liability for CalSTRS and CalPERS. The outstanding bond debt of 2008 Election (Measure RR) consists of \$264.5 million Series A general obligation bonds, \$3.8 million Series B general obligation bonds issued in August 2013, and \$10.9 million Series C general obligation bonds issued in September 2015. The outstanding bond debt of 2018 Election (Measure GO) consists of \$310.7 million Series A general obligation bonds issued in April 2019. The outstanding refunding bond debt consists of \$23.5 million Series A general obligation refunding bonds issued August 2013, \$27.2 million Series B general obligation refunding bonds issued August 2013, \$17.4 million general obligation refunding bonds issued September 2015, \$60.4 million Series 2020A general obligation refunding bonds issued in February 2020, and \$30.1 million Series 2020B general obligation crossover refunding bonds issued February 2020. The general obligation bonds were issued to finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities. The balance also includes \$96.6 million in 2017 (Measure RR) bond anticipation Notes issued in April 2017. The general obligation bonds and net pension liability comprise approximately 94 percent of the District's total long-term liabilities. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds.

Notes 10, 11, and 13 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	2020	2019
General obligation bonds and notes payable	\$ 893,842,530	\$ 857,897,062
Compensated absences and load banking	13,184,596	11,728,968
Aggregate net OPEB liability	59,389,851	67,700,190
Aggregate net pension liability	250,636,119	241,098,899
Total long-term liabilities	\$ 1,217,053,096	\$ 1,178,425,119

**Economic Factors that May Affect the Future**

As of June 30, 2020, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in a healthy balance of \$62.0 million in the Unrestricted General Fund.

Given the dire economic circumstances, the 2019-20 State budget was better than expected for the California Community College System. However, there are challenges within the budget. Primarily there is no COLA to support ongoing expense increases, and there are historic-levels deferrals included at approximately \$1.45 billion. Deferrals cause cash flow problems, requiring districts to deplete reserves and use internal and external short-term borrowing to meet ongoing obligations. The deferrals are estimated for Mt. SAC to be \$45.1 million. This is a significant but manageable cash flow challenge. The College has been proactive with a hiring frost and reducing budgets freeing up cash. The other challenge with the deferrals is that they are one-time fixes, and worsening economic problems over the 2021-22 fiscal year would result in reductions of state funding for the California Community College System instead of higher-level deferrals.

The College's financial position moving into this downturn is strong, setting up to effectively manage the negative impacts of the 2020-21 State budget. The College will continue to focus on budget resiliency and preservation of cash. The precise impact of the pandemic on the state's economic condition is still uncertain. We are confident that our conservative approach to preserve sufficient cash and an ending balance will enable the College to sustain programs and services for the new fiscal year.

**Subsequent Events**

On August 18, 2020, the District issued \$59.7 million Election of 2008 (Measure RR) Series 2020D general obligation bonds and \$30.5 million Election of 2018 (Measure GO) Series 2020B general obligation bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of the College facilities.

Mt. SAC will receive \$34.3 million Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds. \$8.7 million will provide emergency grants for students to help them pay for housing, food, and other basic essentials; and \$25.5 million will help the College to defray expenses associated with coronavirus.



Mt. San Antonio Community College District

Statement of Net Position

June 30, 2020

Assets	
Cash and cash equivalents	\$ 1,020,391
Investments	408,225,676
Accounts receivable	21,016,036
Student receivable, net	1,207,548
Due from Auxiliary	17,979
Prepaid expenses	1,962
Capital Assets	
Nondepreciable capital assets	70,132,723
Depreciable capital assets, net of depreciation	555,542,076
Total capital assets	<u>625,674,799</u>
Total assets	<u>1,057,164,391</u>
Deferred Outflows of Resources	
Deferred charge on refunding	7,987,217
Deferred outflows of resources related to OPEB	32,100,608
Deferred outflows of resources related to pensions	65,578,651
Total deferred outflows of resources	<u>105,666,476</u>
Liabilities	
Accounts payable	22,132,590
Accrued interest payable	7,500,477
Due to Auxiliary	35,026
Unearned revenue	16,079,129
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	45,563,500
Long-term liabilities other than OPEB and pensions, due in more than one year	861,463,626
Aggregate net other postemployment benefits (OPEB) liability	59,389,851
Aggregate net pension liability	250,636,119
Total liabilities	<u>1,262,800,318</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	26,882,045
Deferred inflows of resources related to pensions	11,809,694
Total deferred inflows of resources	<u>38,691,739</u>
Net Position	
Net investment in capital assets	47,718,494
Restricted for:	
Debt service	59,939,239
Capital projects	18,061,693
Educational programs	3,364,402
Other	2,311,090
Unrestricted (deficit)	<u>(270,056,108)</u>
Total Net Position (Deficit)	<u>\$ (138,661,190)</u>

Mt. San Antonio Community College District  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020

Operating Revenues	
Student tuition and fees	\$ 34,864,835
Less: scholarship discount and allowance	(16,754,143)
Net tuition and fees	<u>18,110,692</u>
Grants and contracts, noncapital	
Federal	7,373,109
State	45,265,435
Local	2,034,892
Total grants and contracts, noncapital	<u>54,673,436</u>
Enterprise sales and charges	
Farm operations	102,962
Total operating revenues	<u>72,887,090</u>
Operating Expenses	
Salaries	174,703,421
Employee benefits	88,792,999
Supplies, materials, and other operating expenses and services	28,222,219
Student financial aid	62,490,761
Equipment, maintenance, and repairs	5,459,569
Depreciation	20,182,015
Total operating expenses	<u>379,850,984</u>
Operating loss	<u>(306,963,894)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	131,591,582
Local property taxes, levied for general purposes	57,729,419
Taxes levied for other specific purposes	45,448,981
Federal financial aid grants, noncapital	52,963,922
State financial aid grants, noncapital	4,888,646
State taxes and other revenues	8,616,419
Investment income	7,607,474
Interest expense on capital related debt	(33,991,570)
Investment income on capital asset-related debt	2,112,973
Transfer to fiduciary funds	(68,991)
Other nonoperating revenue	2,061,798
Total nonoperating revenues (expenses)	<u>278,960,653</u>
Loss Before Other Revenues and (Losses)	
	<u>(28,003,241)</u>
Other Revenues (Losses)	
State revenues, capital	1,721,049
Local revenues, capital	1,207,357
Loss on disposal of capital assets	(1,809,814)
Total other revenues (losses)	<u>1,118,592</u>
Change in Net Position	
	(26,884,649)
Net Position, Beginning of Year	
	(111,776,541)
Net Position, End of Year	
	<u>\$ (138,661,190)</u>

Mt. San Antonio Community College District  
Statement of Cash Flows  
Year Ended June 30, 2020

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Operating Activities	
Tuition and fees	\$ 18,527,093
Payments to vendors for supplies and services	(32,030,734)
Payments to or on behalf of employees	(237,680,825)
Payments to students for scholarships and grants	(62,490,761)
Federal, State, and local grants and contracts	54,174,257
Enterprise sales and charges	<u>102,962</u>
Net Cash Flows from for Operating Activities	<u>(259,398,008)</u>
Noncapital Financing Activities	
State apportionments	122,111,906
Federal and State financial aid grants	57,852,568
Property taxes - nondebt related	57,729,419
State taxes and other apportionments	7,100,035
Other nonoperating	<u>753,456</u>
Net Cash Flows from Noncapital Financing Activities	<u>245,547,384</u>
Capital Financing Activities	
Purchase of capital assets	(96,140,184)
Proceeds from capital debt	108,547,878
State revenue, capital projects	1,977,283
Local revenue, capital projects	1,207,357
Property taxes - related to capital debt	45,448,981
Principal paid on capital debt	(72,602,410)
Interest paid on capital debt	(38,394,730)
Interest received on capital asset-related debt	<u>2,112,973</u>
Net Cash Flows from Capital Financing Activities	<u>(47,842,852)</u>
Investing Activities	
Purchase of investments	(31,281,046)
Interest received from investments	<u>6,663,737</u>
Net Cash Flows from Investing Activities	<u>(24,617,309)</u>
Net Change in Cash and Cash Equivalents	(86,310,785)
Cash and Cash Equivalents, Beginning of Year	<u>464,275,806</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 377,965,021</u></u>

Mt. San Antonio Community College District

Statement of Cash Flows

Year Ended June 30, 2020

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	<u>\$(306,963,894)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	20,182,015
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable	298,666
Student receivable, net	(56,203)
Prepaid expenses	(1,962)
Deferred outflows of resources related to OPEB	3,738,956
Deferred outflows of resources related to pensions	5,288,687
Accounts payable	1,338,643
Unearned revenue	(325,241)
Compensated absences and load banking	1,455,628
Aggregate net OPEB liability	(8,310,339)
Aggregate net pension liability	9,537,220
Deferred inflows of resources related to OPEB	11,609,483
Deferred inflows of resources related to pensions	<u>2,810,333</u>
Net Cash Flows from Operating Activities	<u><u>\$(259,398,008)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 1,020,391
Cash in county treasury	<u>376,944,630</u>
Total cash and cash equivalents	<u><u>\$ 377,965,021</u></u>

Mt. San Antonio Community College District

Fiduciary Funds

Statement of Net Position

June 30, 2020

	District Retiree OPEB Trust	STRS and PERS Trust	Other Trusts	Component Unit Auxiliary Retiree OPEB Trust	Agency
<b>Assets</b>					
Cash and cash equivalents	\$ 705,442	\$ 895,927	\$ -	\$ 22,887	\$ 1,046
Investments	71,732,929	9,953,632	3,283,434	3,666,020	110,115
Accounts receivable	-	-	105,669	-	-
Student receivables, net	-	-	29,793	-	-
<b>Total assets</b>	<b>72,438,371</b>	<b>10,849,559</b>	<b>3,418,896</b>	<b>3,688,907</b>	<b>\$ 111,161</b>
<b>Liabilities</b>					
Accounts payable	-	-	16,008	-	\$ -
Amounts held on behalf of others	-	-	105,181	-	111,161
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>121,189</b>	<b>-</b>	<b>\$ 111,161</b>
<b>Net Position</b>					
Restricted	72,438,371	10,849,559	-	3,688,907	
Unrestricted	-	-	3,297,707	-	
<b>Total net position</b>	<b>\$72,438,371</b>	<b>\$10,849,559</b>	<b>\$ 3,297,707</b>	<b>\$ 3,688,907</b>	

Mt. San Antonio Community College District

Fiduciary Funds

Statement of Changes in Net Position

Year Ended June 30, 2020

	District Retiree OPEB Trust	STRS and PERS Trust	Other Trusts	Component Unit Auxiliary Retiree OPEB Trust
<b>Additions</b>				
Local revenues	\$ -	\$ -	\$ 1,623,328	\$ -
District contributions	2,835,764	-	-	273,785
Interest and investment income	4,041,262	608,252	-	230,346
Net realized and unrealized gains (losses)	(4,309,007)	(740,625)	-	(316,267)
Transfer from primary government	-	-	68,991	-
<b>Total additions</b>	<b>2,568,019</b>	<b>(132,373)</b>	<b>1,705,637</b>	<b>187,864</b>
<b>Deductions</b>				
Classified salaries	-	-	299,348	-
Employee benefits	4,551,156	-	91,845	273,785
Books and supplies	-	-	24,401	-
Services and operating expenditures	107,437	16,412	1,360,140	7,506
Capital outlay	-	-	18,193	-
<b>Total deductions</b>	<b>4,658,593</b>	<b>16,412</b>	<b>1,793,927</b>	<b>281,291</b>
<b>Change in Net Position</b>	<b>(2,090,574)</b>	<b>(148,785)</b>	<b>(88,290)</b>	<b>(93,427)</b>
<b>Net Position, Beginning of Year</b>	<b>74,528,945</b>	<b>10,998,344</b>	<b>3,385,997</b>	<b>3,782,334</b>
<b>Net Position, End of Year</b>	<b>\$ 72,438,371</b>	<b>\$ 10,849,559</b>	<b>\$ 3,297,707</b>	<b>\$ 3,688,907</b>

Mt. San Antonio Community College District

Mt. San Antonio College Auxiliary Services  
Statement of Net Position - Component Unit

June 30, 2020

Assets	
Cash and cash equivalents	\$ 123,897
Investments	3,146,654
Accounts receivable	204,799
Due from District	35,026
Notes receivable	10,588
Depreciable capital assets, net of depreciation	286,200
Total assets	<u>3,807,164</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	209,414
Deferred outflows of resources related to pensions	898,667
Total deferred outflows of resources	<u>1,108,081</u>
Liabilities	
Accounts payable	113,459
Due to District	17,979
Long-term liabilities	
Compensated absences payable	60,901
Net other postemployment benefits (OPEB) liability	760,922
Net pension liability	4,124,846
Total liabilities	<u>5,078,107</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	205,011
Deferred inflows of resources related to pensions	213,617
Total deferred inflows of resources	<u>418,628</u>
Net Position	
Net investment in capital assets	286,200
Unrestricted deficit	(867,690)
Total Net Position (Deficit)	<u><u>\$ (581,490)</u></u>

Mt. San Antonio Community College District  
Mt. San Antonio College Auxiliary Services  
Statement of Revenues, Expenses, and Changes in Net Position - Component Unit  
Year Ended June 30, 2020

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Operating Revenues	
Bookstore commissions	\$ 412,708
Reimbursement of Bookstore salaries	545,410
Food service commissions	124,706
Vending	59,000
Book rentals	1,723
Miscellaneous revenues	313,075
Total operating revenues	1,456,622
Operating Expenses	
Salaries	404,582
Employee benefits	1,029,748
Supplies and materials	147,961
Other operating expenses and services	157,165
Financial aid	40,500
Depreciation	27,868
Total operating expenses	1,807,824
Net Operating Loss	(351,202)
Nonoperating Income	
Interest income	57,553
Change in Net Position	(293,649)
Net Position, Beginning of Year	(287,841)
Net Position, End of Year	\$ (581,490)



Mt. San Antonio Community College District

Mt. San Antonio College Auxiliary Services

Statement of Cash Flows - Component Unit

Year Ended June 30, 2020

Operating Activities	
Auxiliary enterprise sales and charges	\$ 1,507,714
Payments to vendors for supplies and services	(320,203)
Payments to or on behalf of employees	(1,070,219)
Payments to students for aid	(40,500)
Net Cash Flows from Operating Activities	<u>76,792</u>
Investing Activities	
Interest received from investments	<u>58,626</u>
Net Change in Cash and Cash Equivalents	135,418
Cash and Cash Equivalents, Beginning of Year	<u>3,135,133</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,270,551</u></u>
Reconciliation of net operating loss to net cash from operating activities	
Operating loss	<u>\$ (351,202)</u>
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	27,868
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	86,118
Due from District	(35,026)
Deferred outflows of resources related to OPEB	179,824
Deferred outflows of resources related to pensions	249,571
Accounts payable	(76,007)
Due to District	(3,287)
Compensated absences	3,470
Net other postemployment benefits (OPEB) liability	(399,345)
Net pension liability	283,917
Deferred inflows of resources related to OPEB	131,861
Deferred inflows of resources related to pensions	(20,970)
Net Cash from Operating Activities	<u><u>\$ 76,792</u></u>
Cash and cash equivalents consist of the following:	
Cash in banks	\$ 123,897
Cash in County treasury	3,146,654
	<u><u>\$ 3,270,551</u></u>

**Note 1 - Organization**

Mt. San Antonio Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles (the County), in the State of California (the State). The District is governed by a locally elected seven-member Board of Trustees, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, as well as all other funds. These budgets are the responsibility of management. The District consists of one community college located in Walnut, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

**Note 2 - Summary of Significant Accounting Policies****Financial Reporting Entity**

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

The District has adopted 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

Based on the application of the criteria listed above, the following component unit has been discretely presented in this report:

**Mt. San Antonio College Auxiliary Services**

The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Board of Directors is comprised of the Vice President of Administrative Services and Vice President of Student Services of the District, along with the Associated Students President and two other members appointed by the Vice President of Administrative Services. In addition, the Auxiliary may not carry on any activities not approved by the Vice President of Administrative Services of the District. Upon dissolution of the Auxiliary, net position, other than trust funds, will be distributed to the District. The financial activities of the Auxiliary have been discretely presented. Separate financial information for the Auxiliary can be obtained through the District.

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

#### **Mt. San Antonio College Foundation**

The Mt. San Antonio College Foundation (the Foundation) is a legally separate, not-for-profit corporation. The Foundation provides financial support for various college-related programs including student scholarships and awards and general department and program support. The Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation is not included as a component unit because the economic resources received and held by the Foundation are not significant to the District and because the District does not control the timing or amount of receipts from the Foundation. Separate financial statements for the Foundation can be obtained from the District.

#### **Basis of Accounting - Measurement Focus and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees, grants and contracts.

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

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

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

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

### **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 with original maturities greater than one year 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 are stated at cost or amortized cost.

### **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 ancillary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District has recorded an allowance for uncollectible accounts related to student receivables. The allowance is based on management's estimate and analysis. The amount of allowance for doubtful accounts was \$642,499 at June 30, 2020. When receivables are determined to be uncollectible, a direct write-off is recorded.

**Prepaid Expenses**

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

**Capital Assets and Depreciation**

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

The following estimated useful lives are used to compute depreciation:

Land improvements	10 years
Buildings and improvements	50 years
Equipment and vehicles	8 years
Technology	3 years

**Accrued Liabilities and Long-Term Liabilities**

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

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The 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. At year end, there were balances of \$7,555,611 and \$5,628,985 outstanding for accrued vacation and load banking liabilities, respectively.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Sick leave with pay is provided when employees are absent for health or personal reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

### **Debt Premiums**

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on the refunding of general obligation bonds, OPEB related items, and pension related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

In addition to liabilities, the Statement of Net Position also reports 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.

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

**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 primarily includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

**Noncurrent Liabilities**

Noncurrent liabilities include general obligation bonds and notes payable, compensated absences, load banking, aggregate net other postemployment benefits (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 their 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 \$83,676,424 of restricted net position, and the fiduciary fund financial statements report \$83,287,930 of restricted net position.

## Operating Revenues and Expenses

### Classification of Revenues

The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

### Classification of Expenses

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

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

### State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the current year as of June 30.

### Property Taxes

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



The voters of the District passed General Obligation bonds in 2001, 2008, and 2018 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

### **Scholarships, Discounts, and Allowances**

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

### **Federal Financial Assistance Programs**

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

### **Estimates**

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

### **Interfund Activity**

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

### **Change in Accounting Principles**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented this standard as of June 30, 2020.

### **New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.

- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, 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.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee

benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

### **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, 2020, consist of the following:

Primary government	\$ 409,246,067
Fiduciary funds	86,682,525
Total deposits and investments	\$ 495,928,592
Cash on hand and in banks	\$ 658,601
Cash in revolving	100,000
Cash with fiscal agent	1,864,205
Investments	493,305,786
Total deposits and investments	\$ 495,928,592

**Interest Rate Risk and Credit 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 policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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.

Investment Type	Reported Amount	Weighted Average Maturity in Days	Average Credit Rating
Mutual funds	\$ 2,894,077	No maturity	Not applicable
Equities	33,754,535	No maturity	Not applicable
Preferred stock	4,891,224	No maturity	Not applicable
Municipal bonds	460,984	1,280	Not rated
Corporate and other bonds	39,685,741	3,460	BB+
U.S. Treasury notes	31,281,046	1,098	AA+
Los Angeles County Investment Pool	380,338,179	590	Not rated
	\$ 493,305,786		

**Custodial Credit Risk – Deposits and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of approximately \$2.7 million was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of \$112.5 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 4 - Fair Value Measurements**

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

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

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

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

The District categorizes the fair value measurements of its investments as follows at June 30, 2020:

Investment Type	Fair Value	Level 1
Mutual funds	\$ 2,894,077	\$ 2,894,077
Equities	33,754,535	33,754,535
Preferred stock	4,891,224	4,891,224
Municipal bonds	460,984	460,984
Corporate and other bonds	39,685,741	39,685,741
U.S. Treasury notes	31,281,046	31,281,046
	\$ 112,967,607	\$ 112,967,607

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

**Note 5 - Accounts Receivable**

Accounts receivable at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	\$ 4,575,043	\$ -
State Government		
Apportionment	10,234,241	-
Categorical aid	960,887	-
Lottery	1,497,255	-
Other State sources	1,305,643	-
Local Sources		
Interest	1,759,486	13,169
Other local sources	683,481	92,500
	<u>\$ 21,016,036</u>	<u>\$ 105,669</u>
Student receivables	\$ 1,849,513	\$ 30,327
Less allowance for bad debt	(641,965)	(534)
Student receivables, net	<u>\$ 1,207,548</u>	<u>\$ 29,793</u>

**Note 6 - Capital Assets**

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 619,480	\$ -	\$ -	\$ 619,480
Collections - art	128,058	33,430	-	161,488
Construction in progress	122,745,631	91,259,086	(144,652,962)	69,351,755
Total capital assets not being depreciated	<u>123,493,169</u>	<u>91,292,516</u>	<u>(144,652,962)</u>	<u>70,132,723</u>
Capital assets being depreciated				
Buildings and improvements	549,546,115	143,718,037	(2,878,724)	690,385,428
Furniture and equipment	53,596,043	3,921,400	(223,625)	57,293,818
Total capital assets being depreciated	<u>603,142,158</u>	<u>147,639,437</u>	<u>(3,102,349)</u>	<u>747,679,246</u>
Less accumulated depreciation				
Buildings and improvements	(132,955,325)	(15,559,760)	1,069,170	(147,445,915)
Furniture and equipment	(40,292,365)	(4,622,255)	223,365	(44,691,255)
Total accumulated depreciation	<u>(173,247,690)</u>	<u>(20,182,015)</u>	<u>1,292,535</u>	<u>(192,137,170)</u>
Total capital assets	<u>\$ 553,387,637</u>	<u>\$ 218,749,938</u>	<u>\$(146,462,776)</u>	<u>\$ 625,674,799</u>

Depreciation expense for the year was \$20,182,015.

**Note 7 - Accounts Payable**

Accounts payable at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	\$ 7,239,952	\$ 3,677
Construction	11,500,147	-
Vendor payables	3,373,419	12,331
Sales and use tax payable	19,072	-
	\$ 22,132,590	\$ 16,008

**Note 8 - Unearned Revenue**

Unearned revenue at June 30, 2020, consisted of the following:

	Primary Government
Federal categorical aid	\$ 841
State categorical aid	11,597,475
Other state	954,049
Enrollment fees	1,698,727
Other local	1,828,037
	\$ 16,079,129

**Note 9 - Interfund Transactions**

**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. As of June 30, 2020, the primary government owed the Auxiliary Services \$35,026 and the Auxiliary Services owed the primary government \$17,979.

### Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. During the year ended June 30, 2020, the amount transferred to the fiduciary funds from the primary government amounted to \$68,991.

### Note 10 - 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 2020 fiscal year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 711,712,264	\$ 106,287,420	\$ (69,500,000)	\$ 748,499,684	\$ 41,030,000
Unamortized bond premium	51,636,484	-	(3,029,492)	48,606,992	-
2017 General Obligation Bond Anticipation Note	94,329,560	2,260,458	-	96,590,018	-
Unamortized debt premium	218,754	-	(72,918)	145,836	-
<b>Total Bonds and Notes Payable</b>	<b>857,897,062</b>	<b>108,547,878</b>	<b>(72,602,410)</b>	<b>893,842,530</b>	<b>41,030,000</b>
Other Liabilities					
Compensated absences and load banking	11,728,968	5,861,861	(4,406,233)	13,184,596	4,533,500
<b>Total Long-Term Liabilities</b>	<b>\$ 869,626,030</b>	<b>\$ 114,409,739</b>	<b>\$ (77,008,643)</b>	<b>\$ 907,027,126</b>	<b>\$ 45,563,500</b>

#### Description of Long-term Liabilities

General Obligation Bond debt is paid from property taxes collected by the County Treasurer and is recorded in the Bond Interest and Redemption Fund. Compensated absences and load banking are paid by the fund for which the employee worked or the District's General Fund.

**Measure R General Obligation Bonds**

In November 2001, voters authorized a total of \$221,000,000 in general obligation bonds. In August 2013, the District issued 2013 General Obligation Refunding Bonds, Series A and Series B, in the amount of \$74,910,000 and \$48,190,000, respectively. The bonds were issued to refund certain general obligation refunding bonds (2005 Refunding, Series C, and 2012 Refunding). The bonds bear interest rates of 0.72 to 5.00 percent. Principal and interest payments for Series A are due each September 1 and March 1 through September 1, 2028. Principal and interest payments for Series B are due each August 1 and February 1 through August 1, 2023. At June 30, 2020, the principal balance outstanding for Series A and Series B was \$23,500,000 and \$27,185,000, respectively. Unamortized premium received on issuance of the bonds amounted to \$4,563,734 as of June 30, 2020.

In September 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of \$19,440,000. The proceeds of \$22,700,512 (representing the principal amount of \$19,440,000 plus premium on issuance of \$3,260,512) from the issuance were used to advance refund a portion of the District's outstanding 2001 General Obligation Bonds, Series 2008D and to pay the cost of the issuance associated with the refunding bonds. The bonds bear interest rates of 2.00 to 5.00 percent. Principal and interest payments are due each June 1 and December 1 through June 1, 2033. At June 30, 2020, the principal balance outstanding was \$17,365,000. Unamortized premium received on issuance of the bonds amounted to \$2,387,482 as of June 30, 2020.

**Measure RR General Obligation Bonds**

In November 2008, voters authorized a total of \$353,000,000 in general obligation bonds. In August 2013, the District issued Election of 2008 Series 2013A and 2013B General Obligation Bonds in the amounts of \$205,586,691 and \$11,715,000, respectively. The bonds were issued as current interest bonds in the aggregate principal amount of \$5,280,000, current interest term bonds in the principal amount of \$22,520,000, capital appreciation bonds in the aggregate principal amount of \$28,534,146, and convertible capital appreciation term bonds in the aggregate principal amount of \$149,252,545. The Series 2013B bonds were issued as current interest bonds in the aggregate principal amount of \$11,715,000. The bonds were issued to liquidate bond anticipation notes held by the District and to pay for certain capital improvements. The bonds bear interest rates of 0.72 to 4.10 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2043. At June 30, 2020, the principal balance outstanding for Series A and Series B was \$264,529,684 and \$3,805,000, respectively. Unamortized premium received on issuance of the bonds amounted to \$8,829,106 as of June 30, 2020.

In September 2015, the District issued Election of 2008 Series 2015C General Obligation Bonds in the amount of \$20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2022. At June 30, 2020, the principal balance outstanding was \$10,870,000. Unamortized premium received on issuance of the bonds amounted to \$406,164 as of June 30, 2020.



**Measure GO General Obligation Bonds**

In November 2018, voters authorized a total of \$750,000,000 in general obligation bonds. In April 2019, the District issued Election of 2018 Series 2019A General Obligation Bonds in the amount of \$310,700,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities, as well as to liquidate bond anticipation notes held by the District. The bonds bear interest rates of 3.00 to 5.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2049. At June 30, 2020, the principal balance outstanding was \$310,700,000. Unamortized premium received on issuance of the bonds amounted to \$32,420,506 as of June 30, 2020.

In February 2020, the District issued Series 2020A General Obligation Refunding Bonds in the amount of \$60,415,000. The proceeds from the issuance were used to advance refund portions of the District's outstanding Measure R Series 2013A General Obligation Refunding bonds, Measure RR 2013A General Obligation bonds, Measure RR 2013B General Obligation bonds, and to pay the cost of the issuance associated with the refunding bonds. The refunding resulted in a cumulative cash flow saving of \$4,597,686 over the life of the new debt and an economic gain of \$4,287,845 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.644 percent. The bonds bear interest rates of 1.66 to 2.92 percent. Principal and interest payments are due each February 1 and August 1 through August 1, 2035. At June 30, 2020, the principal balance outstanding was \$60,415,000.

In February 2020, the District issued Series 2020B Crossover Refunding bonds in the amount of \$30,130,000. The bonds were issued to affect an advance refunding of a portion of the District's Measure RR Series 2013A General Obligation bonds on the crossover date of August 1, 2023. The bonds bear interest rates of 2.57 to 2.87 percent. Principal and interest payments are due each February 1 and August 1 through August 1, 2034. At June 30, 2020, the principal balance outstanding was \$30,130,000.

**General Obligation Bond Anticipation Notes Payable**

In April 2017, the District issued the 2017 General Obligation Bond Anticipation Notes. The notes were issued as capital appreciation notes in the original principal amount of \$89,996,003. The notes mature and are due in full on April 1, 2022 with an appreciated maturity value of \$101,275,000. The notes are payable from either proceeds from the future sale of general obligation bonds or other funds of the District lawfully available for the purpose of repaying the Notes. The District has covenanted in its resolution authorizing the issuance of the notes to take all actions required to authorize, sell, and issue, on or before April 1, 2022, general obligation bonds or certificates of participation in an aggregate principal amount sufficient to pay the maturity value of the notes. At June 30, 2020, the principal balance outstanding was \$96,590,018. Unamortized premium received on issuance of the bonds amounted to \$145,836 as of June 30, 2020.

**Debt Maturity**

**General Obligation Bonds**

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2020
8/1/13	2013A	8/1/43	2.00-4.00%	205,586,691	\$ 271,602,264	\$ -	\$ 15,742,420	\$(22,815,000)	\$ 264,529,684
8/1/13	2013B	8/1/23	0.72-4.10%	11,715,000	6,215,000	-	-	(2,410,000)	3,805,000
9/11/15	2015C	8/1/22	2.00-4.00%	20,000,000	14,250,000	-	-	(3,380,000)	10,870,000
Subtotal Measure RR					292,067,264	-	15,742,420	(28,605,000)	279,204,684
4/4/19	2019A	8/1/49	3.00-5.00%	310,700,000	310,700,000	-	-	-	310,700,000
Subtotal Measure GO					310,700,000	-	-	-	310,700,000
8/1/13	2013A	9/1/28	2.00-5.00%	\$74,910,000	58,265,000	-	-	(34,765,000)	23,500,000
8/1/13	2013B	8/1/23	0.72-4.10%	48,190,000	32,415,000	-	-	(5,230,000)	27,185,000
9/11/15	2015	6/1/33	2.00-5.00%	19,440,000	18,265,000	-	-	(900,000)	17,365,000
2/4/20	2020A	8/1/35	1.66-2.92%	60,415,000	-	60,415,000	-	-	60,415,000
2/4/20	2020B*	8/1/34	2.57-2.87%	30,130,000	-	30,130,000	-	-	30,130,000
Subtotal Refunding Bonds					108,945,000	90,545,000	-	(40,895,000)	158,595,000
Total General Obligation Bonds					\$711,712,264	\$90,545,000	\$15,742,420	\$(69,500,000)	\$748,499,684

\*General Obligation Crossover Refunding Bonds

**Debt Service Requirements to Maturity**

The general obligation bonds mature through 2050 as follows:

Fiscal Year Ended June 30,	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2021	\$41,009,708	\$20,292	\$18,510,355	\$ 59,540,355
2022	42,424,295	90,705	17,035,158	59,550,158
2023	33,508,719	266,281	15,541,751	49,316,751
2024	19,333,593	571,407	15,953,011	35,858,011
2025	15,980,790	2,544,210	16,914,403	35,439,403
2026-2030	97,248,416	15,616,584	102,786,707	215,651,707
2031-2035	95,645,730	19,809,270	152,157,440	267,612,440
2036-2040	119,495,222	52,819,778	122,044,449	294,359,449
2041-2045	174,238,211	72,021,789	54,821,188	301,081,188
2046-2050	109,615,000	-	11,632,700	121,247,700
Total	\$748,499,684	\$163,760,316	\$527,397,162	\$1,439,657,162

The 2017 General Obligation Bond Anticipation Notes mature in fiscal year 2022. Principal and accreted interest to maturity is as follows:

Fiscal Year Ended June 30,	Principal Including Accreted Interest to Date	Accreted Interest	Total
2022	\$ 96,590,018	\$ 4,684,982	\$ 101,275,000

### Compensated Absences and Load Banking

At June 30, 2020, the liability for compensated absences and load banking was \$13,184,596, which is comprised of accrued vacation liability of \$7,555,611 and a load banking liability of \$5,628,985.

### Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, 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	\$ 58,401,133	\$ 32,100,608	\$ 26,882,045	\$ 7,061,832
Medicare Premium Payment (MPP) Program	988,718	-	-	(23,732)
	<u>\$ 59,389,851</u>	<u>\$ 32,100,608</u>	<u>\$ 26,882,045</u>	<u>\$ 7,038,100</u>

The details of each plan are as follows:

#### District Plan

##### Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust Investment Committee, which is comprised of three appointed plan members.

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefits payments	617
Active employees	<u>1,101</u>
	<u><u>1,718</u></u>

**Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust**

The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Trust Investment Committee, comprised of the Vice President of Administrative Services, Chief Compliance and College Budget Officer, and a Manager appointed by the President/CEO provide oversight over Trust investments. The Trust Administrative Committee comprised of the Vice President of Administrative Services and a representative from the Faculty Association, CSEA 651, and CSEA 262 provide oversight over the plan administration. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been included in the fiduciary funds of the District. Separate financial statements are not prepared for the Trust.

**Benefits Provided**

The Plan provides medical insurance benefits to eligible retirees, with spouse coverage only for those hired prior to January 1, 1996. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Mt. San Antonio College Faculty Association (MSACFA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District governing board and management. For fiscal year ended June 30, 2020, the District contributed \$2,835,764 to the Plan, which was used for current premiums.

**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, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
Equity instruments	35%
Long-term bonded instruments	65%

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was -0.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District's net OPEB liability of \$58,401,133 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	\$ 130,839,504
Plan fiduciary net position	<u>(72,438,371)</u>
District's net OPEB liability	<u>\$ 58,401,133</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>55%</u>

**Actuarial Assumptions**

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	5.00 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the assumed long-term return on employer assets.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2019.

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

Asset Class	Long-Term Expected Real Rate of Return
Equity instruments	7.795%
Long-term bonded instruments	5.295%

#### **Discount Rate**

The discount rate used to measure the total OPEB liability was 5.0 percent. 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 at June 30, 2019	\$ 141,216,685	\$ 74,528,945	\$ 66,687,740
Service cost	4,421,064	-	4,421,064
Interest	7,057,582	-	7,057,582
Contributions - employer	-	2,835,764	(2,835,764)
Expected net investment income	-	3,691,005	(3,691,005)
Differences between projected and actual earnings on OPEB plan investments	-	(3,958,750)	3,958,750
Changes of assumptions	(17,304,671)	-	(17,304,671)
Benefit payments	(4,551,156)	(4,551,156)	-
Administrative expense	-	(107,437)	107,437
Net change in total OPEB liability	<u>(10,377,181)</u>	<u>(2,090,574)</u>	<u>(8,286,607)</u>
Balance at June 30, 2020	<u>\$ 130,839,504</u>	<u>\$ 72,438,371</u>	<u>\$ 58,401,133</u>

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (4.00%)	\$ 75,739,878
Current discount rate (5.00%)	58,401,133
1% increase (6.00%)	44,811,078

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

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 rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	\$ 42,317,601
Current healthcare cost trend rate (4.00%)	58,401,133
1% increase (5.00%)	75,674,970

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,563,830	\$ 309,702
Changes of assumptions	7,569,712	26,572,343
Differences between projected and actual earnings on OPEB plan investments	2,967,066	-
Total	\$ 32,100,608	\$ 26,882,045

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 in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 870,211
2022	870,211
2023	434,894
2024	791,750
	\$ 2,967,066



Amounts reported as deferred outflows/(inflows) of resources related to the differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7.8 years and will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,132,307
2022	1,132,307
2023	1,132,307
2024	1,132,307
2025	325,637
Thereafter	(2,603,368)
	\$ 2,251,497

### **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, 2018 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 STRS 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, 2020, the District reported a liability of \$988,718 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018 was 0.2655 percent and 0.2645 percent, respectively, resulting in a net increase in the proportionate share of 0.0010 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(23,732).

### Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	\$ 1,078,918
Current discount rate (3.50%)	988,718
1% increase (4.50%)	905,784

### 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 is one percent lower or higher than the current rate:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	\$ 926,725
Current Medicare costs trend rates (3.70% Part A and 4.10% Part B)	988,718
1% increase (4.70% Part A and 5.10% Part B)	1,112,549

### Note 12 - Risk Management

#### Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first \$25,000 of each general liability or property damage claim. During fiscal year ending June 30, 2020, the District contracted with Alliance for Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

#### Workers' Compensation

For fiscal year 2019-2020, the District participated in the Southern California Community College District Joint Powers Authority (SCCCD-JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

**Note 13 - 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, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 135,550,158	\$ 38,722,041	\$ 10,403,633	\$ 17,720,058
CalPERS	115,085,961	26,856,610	1,406,061	21,007,330
Total	<u>\$ 250,636,119</u>	<u>\$ 65,578,651</u>	<u>\$ 11,809,694</u>	<u>\$ 38,727,388</u>

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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

### Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$15,746,585.

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

At June 30, 2020, 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	\$ 135,550,158
State's proportionate share of net pension liability associated with the District	<u>73,951,660</u>
 Total	 <u><u>\$ 209,501,818</u></u>

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.1501 percent and 0.1474 percent, respectively, resulting in a net increase in the proportionate share of 0.0027 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$17,720,058. In addition, the District recognized pension expense and revenue of \$11,012,997 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 15,746,585	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,489,132	1,362,553
Differences between projected and actual earnings on the pension plan investments	-	5,221,434
Differences between expected and actual experience in the measurement of the total pension liability	342,192	3,819,646
Changes of assumptions	<u>17,144,132</u>	<u>-</u>
 Total	 <u><u>\$ 38,722,041</u></u>	 <u><u>\$ 10,403,633</u></u>

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:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (526,671)
2022	(4,145,203)
2023	(860,609)
2024	311,049
	<hr/>
Total	<u>\$ (5,221,434)</u>

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:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 4,143,642
2022	4,143,642
2023	4,199,038
2024	4,911,865
2025	333,226
Thereafter	61,844
	<hr/>
Total	<u>\$ 17,793,257</u>



### 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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.40%

### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 201,845,405
Current discount rate (7.10%)	135,550,158
1% increase (8.10%)	80,578,773

### 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, 2018, 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 provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	19.721%	19.721%

### 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, 2020, are presented above, and the total District contributions were \$10,853,702.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$115,085,961. The net pension liability was measured as of June 30, 2019. 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 districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.3949 percent and 0.3963 percent, respectively, resulting in a net decrease in the proportionate share of 0.0014 percent.

Mt. San Antonio Community College District

Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$21,007,330. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 10,853,702	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,164,598	338,617
Differences between projected and actual earnings on the pension plan investments	-	1,067,444
Differences between expected and actual experience in the measurement of the total pension liability	8,359,861	-
Changes of assumptions	<u>5,478,449</u>	<u>-</u>
Total	<u>\$ 26,856,610</u>	<u>\$ 1,406,061</u>

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:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 1,053,685
2022	(2,104,703)
2023	(318,942)
2024	<u>302,516</u>
Total	<u>\$ (1,067,444)</u>

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:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 9,898,627
2022	4,403,872
2023	1,237,994
2024	123,798
Total	\$ 15,664,291

#### 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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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 percent 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 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 165,888,847
Current discount rate (7.15%)	115,085,961
1% increase (8.15%)	72,941,460

### **CalSTRS/CalPERS Irrevocable Trust**

During the 2015-2016 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. As of June 30, 2020, the balance of the trust was \$10,849,559.

### **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, 2020, which amounted to \$7,724,486 (10.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2020. 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

### **Deferred Compensation**

The District offers its employees a National Benefit Services defined contribution plan qualifying under Sections 401 of the Internal Revenue Code that is administered by National Benefit Services. The plan covers part-time, seasonal, and temporary employees, as well as employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The District contributes 3.0 percent of covered compensation for eligible employees, and employees contribute 4.5 percent. During the year ended June 30, 2020, the District made contributions of \$407,101.

### **Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the ASCIP, SELF, SCCCDC-JPA. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

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

During the year ended June 30, 2020, the District made payments of \$1,164,866 and \$2,552,144 to ASCIP and SCCCD-JPA, respectively.

## **Note 15 - Commitments and Contingencies**

### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

### **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, 2020.

### **Construction Commitments**

As of June 30, 2020, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately \$63.8 million to be funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.



**Note 16 - Functional Expenses Classification**

The District's operating expenses by functional classification for the fiscal year ended June 30, 2020, are:

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 101,732,305	\$ 48,312,203	\$ 1,981,408	\$ -	\$ -	\$ 152,025,916
Academic support	8,102,058	3,808,114	117,858	-	-	12,028,030
Student services	30,187,760	13,939,191	1,288,529	-	-	45,415,480
Plant operations and maintenance	7,594,388	4,364,691	1,496,790	-	-	13,455,869
Instructional support activities	16,668,333	13,656,255	2,340,696	-	-	32,665,284
Community services and economic development	2,022,611	832,012	347,819	-	-	3,202,442
Ancillary services and auxiliary operations	5,994,802	2,788,239	624,565	-	-	9,407,606
Student aid	-	-	-	62,490,761	-	62,490,761
Physical property and related acquisitions	2,401,164	1,092,294	24,937,499	-	-	28,430,957
Other outgo	-	-	546,624	-	-	546,624
Depreciation	-	-	-	-	20,182,015	20,182,015
	<u>\$ 174,703,421</u>	<u>\$ 88,792,999</u>	<u>\$ 33,681,788</u>	<u>\$ 62,490,761</u>	<u>\$ 20,182,015</u>	<u>\$ 379,850,984</u>

**Note 17 - Subsequent Events**

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On August 18, 2020, the District issued Election of 2008 Series 2020D and Election of 2018 2020B General Obligation Bonds in the amounts of \$59,728,759 and \$30,499,915, respectively. The Series 2020D bonds were issued as current interest bonds in the aggregate principal amount of \$30,465,000, capital appreciation serial bonds in the principal amount of \$1,085,987, capital appreciation term bonds in the aggregate principal amount of \$28,177,772. The Series 2020B bonds were issued as current interest bonds in the aggregate principal amount of \$15,215,000, capital appreciation serial bonds in the principal amount of \$2,429,241, capital appreciation term bonds in the aggregate principal amount of \$12,855,674. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 1.35 to 4.20 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045.



Required Supplementary Information  
June 30, 2020

# Mt. San Antonio Community College District

Mt. San Antonio Community College District  
Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 4,421,064	\$ 3,822,261	\$ 3,205,326
Interest	7,057,582	5,142,996	4,448,610
Changes of assumptions	(17,304,671)	(15,446,988)	12,616,189
Benefit payments	(4,551,156)	(3,901,899)	(3,455,981)
Differences between expected and actual experience	-	28,999,636	(516,171)
Net changes in total OPEB liability	(10,377,181)	18,616,006	16,297,973
Total OPEB Liability - beginning	141,216,685	122,600,679	106,302,706
Total OPEB Liability - ending (a)	<u>\$ 130,839,504</u>	<u>\$ 141,216,685</u>	<u>\$ 122,600,679</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,835,764	\$ 2,500,000	\$ 2,500,000
Expected net investment income	3,691,005	2,980,113	3,022,658
Differences between projected and actual earnings on OPEB plan investments	(3,958,750)	1,784,292	(2,176,600)
Benefit payments	(4,551,156)	(3,901,899)	(3,455,981)
Differences between expected and actual experience	-	(217,143)	(516,171)
Administrative expense	(107,437)	(29,554)	(25,076)
Net change in plan fiduciary net position	(2,090,574)	3,115,809	(651,170)
Plan fiduciary net position - beginning	74,528,945	71,413,136	72,064,306
Plan fiduciary net position - ending (b)	<u>\$ 72,438,371</u>	<u>\$ 74,528,945</u>	<u>\$ 71,413,136</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 58,401,133</u>	<u>\$ 66,687,740</u>	<u>\$ 51,187,543</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>55.36%</u>	<u>52.78%</u>	<u>58.25%</u>
Covered-employee payroll	<u>\$ 147,121,558</u>	<u>\$ 140,540,263</u>	<u>\$ 130,855,132</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>39.70%</u>	<u>47.45%</u>	<u>39.12%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

Mt. San Antonio Community College District  
Schedule of OPEB Investment Returns  
Year Ended June 30, 2020

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	<u>-0.07%</u>	<u>6.68%</u>	<u>1.15%</u>

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

Mt. San Antonio Community College District  
Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program  
Year Ended June 30, 2020

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.2655%	0.2645%	0.1495%
District's proportionate share of the net OPEB liability	\$ 988,718	\$ 1,012,450	\$ 628,750
District's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> 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.

Mt. San Antonio Community College District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2020

<b>CalSTRS</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.1501%	0.1474%	0.1448%	0.1429%	0.1472%	0.1448%
District's proportionate share of the net pension liability	\$ 135,550,158	\$ 135,439,720	\$ 133,895,447	\$ 115,568,294	\$ 99,092,060	\$ 84,733,650
State's proportionate share of the net pension liability associated with the District	73,951,660	77,545,574	79,211,415	65,790,968	52,408,776	51,166,350
Total	<u>\$ 209,501,818</u>	<u>\$ 212,985,294</u>	<u>\$ 213,106,862</u>	<u>\$ 181,359,262</u>	<u>\$ 151,500,836</u>	<u>\$ 135,900,000</u>
District's covered payroll	<u>\$ 86,628,299</u>	<u>\$ 82,708,857</u>	<u>\$ 77,192,552</u>	<u>\$ 71,864,548</u>	<u>\$ 68,809,122</u>	<u>\$ 66,400,000</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>156.47%</u>	<u>163.75%</u>	<u>173.46%</u>	<u>160.81%</u>	<u>144.01%</u>	<u>127.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.3949%	0.3963%	0.3775%	0.3681%	0.3592%	0.3587%
District's proportionate share of the net pension liability	\$ 115,085,961	\$ 105,659,179	\$ 90,112,838	\$ 72,708,922	\$ 52,940,449	\$ 40,721,184
District's covered payroll	<u>\$ 53,911,964</u>	<u>\$ 48,146,275</u>	<u>\$ 47,147,285</u>	<u>\$ 43,907,285</u>	<u>\$ 39,968,541</u>	<u>\$ 38,100,000</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>213.47%</u>	<u>219.45%</u>	<u>191.13%</u>	<u>165.60%</u>	<u>132.46%</u>	<u>106.86%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	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.

Mt. San Antonio Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2020

<b>CalSTRS</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 15,746,585	\$ 14,103,087	\$ 11,934,888	\$ 9,710,823	\$ 7,711,066	\$ 6,110,250
Contributions in relation to the contractually required contribution	<u>15,746,585</u>	<u>14,103,087</u>	<u>11,934,888</u>	<u>9,710,823</u>	<u>7,711,066</u>	<u>6,110,250</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 92,085,292</u>	<u>\$ 86,628,299</u>	<u>\$ 82,708,857</u>	<u>\$ 77,192,552</u>	<u>\$ 71,864,548</u>	<u>\$ 68,809,122</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,853,702	\$ 9,737,579	\$ 7,477,598	\$ 6,547,815	\$ 5,201,696	\$ 4,704,697
Contributions in relation to the contractually required contribution	<u>10,853,702</u>	<u>9,737,579</u>	<u>7,477,598</u>	<u>6,547,815</u>	<u>5,201,696</u>	<u>4,704,697</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 55,036,266</u>	<u>\$ 53,911,964</u>	<u>\$ 48,146,275</u>	<u>\$ 47,147,285</u>	<u>\$ 43,907,285</u>	<u>\$ 39,968,541</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

## **Note 1 - Purpose of Schedules**

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

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

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

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

### **Schedule of OPEB Investment Returns**

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

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

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

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

*Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent 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 both CalSTRS and CalPERS.

*Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### **Schedule of District Contributions for Pensions**

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





Supplementary Information  
June 30, 2020

# Mt. San Antonio Community College District

Mt. San Antonio Community College District is a public community college that has been serving the people of Baldwin Park, Bassett, Charter Oak, Covina, Diamond Bar, Southern portion of Glendora, Hacienda Heights, Industry, Irwindale, La Puente, La Verne, Pomona, Rowland Heights, San Dimas, Valinda, Walnut, and West Covina since 1946.

The District maintains its campus on 421 acres of land in the City of Walnut, California, in the Eastern portion of Los Angeles County. Mt. San Antonio Community College District is accredited by the Western Association of Schools and Colleges.

**Board of Trustees**

Member	Office	Term Expires
Laura Santos	President	November 2022
Rosanne Bader	Vice President	November 2020
Judy Chen Haggerty, Esq.	Clerk	November 2022
Jay Chen	Member	November 2020
Gary Chow	Member	December 2022
Robert Hidalgo	Member	November 2022
Dr. Manuel Baca	Member	November 2020
Maricela Vazquez-Aviles	Student Trustee	June 30, 2020

**Administration**

Member	Title
Dr. William Scroggins	President/CEO
Dr. Richard D. Mahon	Vice President, Instruction
Morris Rodrigue	Vice President, Administrative Services
Ibrahim Ali	Vice President, Human Resources
Dr. Audrey Yamagata-Noji	Vice President, Student Services

**Auxiliary Organizations in Good Standing**

Mt. San Antonio College Auxiliary Services, established 1982  
 Master Agreement revised April 21, 2016  
 Morris Rodrigue, Board President

Mt. San Antonio College Foundation, established 1967  
 Master Agreement revised September 1, 2015  
 William Lambert, Executive Director

Mt. San Antonio Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 1,298,362
Federal Work-Study Program (FWS)	84.033		358,403
FWS Administrative Allowance	84.033		82,878
Federal Pell Grant Program (PELL)	84.063		42,154,053
PELL Administrative Allowance	84.063		63,735
Federal Direct Student Loans	84.268		1,108,807
Subtotal Student Financial Assistance Cluster			<u>45,066,238</u>
TRIO Cluster			
Achieving in College, Ensuring Success (ACES)	84.042A		267,861
Upward Bound	84.047A		251,625
Subtotal TRIO Cluster			<u>519,486</u>
Asian American Native American Pacific Islander Serving Institutions (AANAPISI)			
Child Care Access Means Parents in School (CCAMPIS)	84.382B		319,022
Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion	84.335A		335,999
Equity-minded Campus Culture to Improve Student Outcomes	84.031S		24,310
Equity-minded Campus Culture to Improve Student Outcomes	84.031S		126,657
Passed through CSU Fullerton Auxiliary Services Corporation Project RAISE: Regional Alliance in STEM Education	84.031C	P031C160152	22,672
Subtotal			<u>173,639</u>
COVID-19: Cares Act Higher Education Emergency Relief Funds, Student Portion			
COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion	84.425E		8,402,700
COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		2,380,867
Subtotal			<u>10,783,567</u>
Passed through East-West Center			
Enhancing Undergraduate Chinese Language and Culture Studies	84.016A	HC 13564	3,305
Passed through California Department of Education			
WIOA, Title II: Adult Education and Family Literacy Act, Section 225, Section 231, and Section 243	84.002A	14508, 13978, 14109	1,244,705
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education (CTE), Perkins Title I, Part C	84.048A	19-C01-034	1,019,385
CTE Transitions	84.048A	19-C01-034	46,195
Subtotal			<u>1,065,580</u>
Total U.S. Department of Education			<u>59,511,541</u>

Mt. San Antonio Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
U.S. Department of Agriculture			
Passed through CSU Chico Research Foundation			
Supplemental Nutrition Assistance Program (SNAP) Cluster			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program			
	10.561	SUB18-040	\$ 92,625
Subtotal SNAP Cluster			<u>92,625</u>
Passed through California Department of Education			
Child and Adult Care Food Program			
	10.558	13666	91,132
Total U.S. Department of Agriculture			<u>183,757</u>
National Science Foundation			
Research and Development Cluster			
Field Based Professional Development for Environmental-STEM			
(ESTEM) Undergraduates, Pathways in Geoscience			
	47.050		30,487
Advance Technological Education (ATE) Science, Technology,			
Engineering and Mathematics (STEM) Teacher Preparation			
	47.076		27,953
Collaborative Research: Geodesy Curriculum			
	47.076		25,460
Subtotal Research and Development Cluster			<u>83,900</u>
U.S. Department of Veterans Affairs			
Veterans Services			
	64.027		9,930
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families			
	93.558	N/A	110,228
Passed through Los Angeles County Department of Public			
Social Services			
Temporary Assistance for Needy Families			
	93.558	N/A	127,000
Subtotal			<u>237,228</u>
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant			
	93.575	15136	66,427
Child Care Mandatory and Matching Funds of the Child			
Care and Development Fund			
	93.596	13609	144,502
Passed through Yosemite Community College District			
Child Development Training Consortium			
	93.575	19-20-4472	9,746
Subtotal CCDF Cluster			<u>220,675</u>
Passed through Baldwin Park Unified School District			
Head Start Cluster			
Head Start			
	93.600	N/A	90,000
Subtotal Head Start Cluster			<u>90,000</u>
Total U.S. Department of Health and Human Services			<u>547,903</u>
Total Expenditures of Federal Awards			<u>\$ 60,337,031</u>

Mt. San Antonio Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2020

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
California Adult Education Program (CAEP) - Regional Consortium	\$ 1,700,488	\$ -	\$ 806,585	\$ 893,903	\$ 893,903
Board Financial Assistance Program (BFAP)	4,122,107	-	224,315	3,897,792	3,897,792
Board Financial Assistance Program (BFAP) - Full-Time Student Success	241,772	-	91	241,681	241,681
California College Promise	2,275,707	-	1,376,877	898,830	898,830
California Community College (CCC) Mental Health Services	335,247	36,147	75,855	295,539	295,539
California State Preschool Program	599,080	-	-	599,080	599,080
CalSTRS On-behalf Payments	796,608	-	-	796,608	796,608
CalWORKS	677,736	-	-	677,736	677,736
CalWORKS Regional Funds	869	-	-	869	869
Campus Safety and Sexual Assault	20,520	-	18,843	1,677	1,677
CARE	210,845	-	-	210,845	210,845
Career Pathways Specialist (Deputy Sector Navigator)	10,200	3,260	-	13,460	13,460
Career Technical Education - Data Unlocked Initiative	3,842	-	-	3,842	3,842
Center of Excellence - Economic Development	200,000	50,000	-	250,000	250,000
Certified Nursing Assistant Program	62,500	-	60,108	2,392	2,392
Child Care Food Program	5,012	-	-	5,012	5,012
Child Care General Center and Development Program	595,757	270,907	-	866,664	866,664
Child Care Tax Bailout	100,907	-	-	100,907	100,907
Child Development Center - CSPP Quality Improvement Block Grant	68,488	-	24,397	44,091	44,091
Classified Personnel Development	115,367	-	114,125	1,242	1,242
Deputy Sector Navigator Health	299,202	-	29,824	269,378	269,378
Disabled Student Programs and Services (DSPS)	3,056,001	-	36,985	3,019,016	3,019,016
Equal Employment Opportunity (EEO)	65,677	-	17,982	47,695	47,695
Expanding Online Pathways and Increasing CTE Completion	93,588	71,420	-	165,008	165,008
Extended Opportunity Programs and Services (EOPS)	1,419,361	-	63,577	1,355,784	1,355,784
Financial Aid Technology Grant	213,956	-	132,256	81,700	81,700
Guided Pathways	2,110,185	-	1,551,934	558,251	558,251
Hunger Free Campus Support	390,832	-	102,972	287,860	287,860
Instructional Equipment and Library Materials	806,882	-	400,234	406,648	406,648
Nursing Program Support	262,448	-	-	262,448	262,448

Mt. San Antonio Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2020

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Promoting Success for Online Students and Faculty	\$ 41,302	\$ 135,785	\$ 1	\$ 177,086	\$ 177,086
Song-Brown Registered Nurse Program	65,618	101,920	-	167,538	167,538
Strong Workforce Program (Local)	3,741,879	-	1,621,236	2,120,643	2,120,643
Strong Workforce Program (Regional)	901,606	291,448	-	1,193,054	1,193,054
Student Equity and Achievement Program	18,876,692	-	4,716,849	14,159,843	14,159,843
Technical Assistance Provider - Contract Education	355,898	-	68,609	287,289	287,289
Veterans Resource Center	254,620	-	153,820	100,800	100,800
	<u>\$ 45,098,799</u>	<u>\$ 960,887</u>	<u>\$ 11,597,475</u>	<u>\$ 34,462,211</u>	<u>\$ 34,462,211</u>

Mt. San Antonio Community College District  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2020

Categories	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	4,134.47	-	4,134.47
2. Credit	1,675.29	-	1,675.29
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	0.32	-	0.32
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	17,078.18	-	17,078.18
(b) Daily Census Contact Hours	2,403.97	-	2,403.97
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	4,009.09	-	4,009.09
(b) Credit	441.82	-	441.82
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,531.68	-	1,531.68
(b) Daily Census Procedure Courses	1,358.30	-	1,358.30
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	32,633.12	-	32,633.12
<u>Supplemental Information (Subset of Above Information)</u>			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	5,684.65	-	5,684.65
2. Credit	824.15	-	824.15
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	7,043.77	-	7,043.77

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

Mt. San Antonio Community College District  
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 42,172,728	\$ -	\$ 42,172,728	\$ 42,172,728	\$ -	\$ 42,172,728
Other	1300	37,807,339	-	37,807,339	37,807,339	-	37,807,339
Total Instructional Salaries		79,980,067	-	79,980,067	79,980,067	-	79,980,067
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	13,956,708	-	13,956,708
Other	1400	-	-	-	2,398,316	-	2,398,316
Total Noninstructional Salaries		-	-	-	16,355,024	-	16,355,024
Total Academic Salaries		79,980,067	-	79,980,067	96,335,091	-	96,335,091
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	36,311,373	-	36,311,373
Other	2300	-	-	-	4,224,751	-	4,224,751
Total Noninstructional Salaries		-	-	-	40,536,124	-	40,536,124
Instructional Aides							
Regular Status	2200	2,027,932	-	2,027,932	2,027,932	-	2,027,932
Other	2400	1,298,189	-	1,298,189	1,298,189	-	1,298,189
Total Instructional Aides		3,326,121	-	3,326,121	3,326,121	-	3,326,121
Total Classified Salaries		3,326,121	-	3,326,121	43,862,245	-	43,862,245
Employee Benefits	3000	29,763,533	-	29,763,533	53,780,589	-	53,780,589
Supplies and Material	4000	-	-	-	2,418,610	-	2,418,610
Other Operating Expenses	5000	1,391,828	-	1,391,828	16,016,306	-	16,016,306
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		114,461,549	-	114,461,549	212,412,841	-	212,412,841



Mt. San Antonio Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 1,153,870	\$ -	\$ 1,153,870	\$ 1,153,870	\$ -	\$ 1,153,870
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	306,683	-	306,683
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,962	-	1,962
Objects to Exclude							
Rents and Leases	5060	-	-	-	245,663	-	245,663
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		-	-	-	-	-	-

Mt. San Antonio Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 5,323,900	\$ -	\$ 5,323,900
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,153,870	-	1,153,870	7,032,078	-	7,032,078
Total for ECS 84362, 50 Percent Law		\$ 113,307,679	\$ -	\$ 113,307,679	\$ 205,380,763	\$ -	\$ 205,380,763
Percent of CEE (Instructional Salary Cost/Total CEE)		55.17%		55.17%	100.00%		100.00%
50% of Current Expense of Education					\$ 102,690,382		\$ 102,690,382

Mt. San Antonio Community College District  
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements  
Year Ended June 30, 2020

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2020.

Mt. San Antonio Community College District  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2020

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				\$ 16,486,573
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 31,112,627	-	-	\$ 31,112,627
Total Expenditures for EPA		\$ -	-	-	\$ 31,112,627
Revenues Less Expenditures					\$(14,626,054)

Mt. San Antonio Community College District  
Reconciliation of Governmental Funds to the Statement of Net Position  
Year Ended June 30, 2020

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance:		
General funds	\$ 65,324,618	
Child development	977,162	
Health services	1,326,601	
Debt service	96,160,891	
Capital outlay	23,013,747	
Bond construction	196,140,566	
Farm operations	129,450	
Fiduciary funds	<u>3,305,034</u>	
Total fund balance per CCFS-311 report	386,378,069	
Funds not included in the CCFS-311 report	<u>114,568,976</u>	
Total fund balance - all district funds		500,947,045
Amounts held in trust on behalf of others (Trust and Agency Funds)		(117,866,683)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	817,811,969	
Accumulated depreciation is	<u>(192,137,170)</u>	625,674,799
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.		
		(7,500,477)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred charges on refunding	7,987,217	
Deferred outflows of resources related OPEB	32,100,608	
Deferred outflows of resources related to pensions	<u>65,578,651</u>	
Total Deferred Outflows of Resources		105,666,476
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related OPEB	(26,882,045)	
Deferred inflows of resources related to pensions	<u>(11,809,694)</u>	
Total Deferred Inflows of Resources		(38,691,739)

Mt. San Antonio Community College District  
 Reconciliation of Governmental Funds to the Statement of Net Position  
 Year Ended June 30, 2020

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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:

Bonds and notes payable	\$(751,557,466)	
Premium on bonds and notes payable	(48,752,828)	
Compensated absences	(3,022,111)	
Aggregate net other postemployment benefits (OPEB) liability	(59,389,851)	
Aggregate net pension liability	(250,636,119)	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	<u>(93,532,236)</u>	
		<u>(1,206,890,611)</u>
Total Net Position		<u><u>\$ (138,661,190)</u></u>

Mt. San Antonio Community College District  
Schedule of Financial Trends and Analysis of the Combined General Fund  
Year Ended June 30, 2020

	(Budget*) 2021		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
General Fund								
Revenues								
Federal	\$ 16,941,410	5.7	\$ 6,645,049	2.5	\$ 4,531,948	1.8	\$ 4,781,509	2.0
State	184,634,564	62.8	182,793,503	69.4	172,540,069	69.5	156,125,922	65.9
Local	74,644,030	25.4	79,279,110	30.1	80,255,613	32.4	79,712,925	33.6
Total revenues	<u>276,220,004</u>	<u>93.9</u>	<u>268,717,662</u>	<u>102.0</u>	<u>257,327,630</u>	<u>103.7</u>	<u>240,620,356</u>	<u>101.5</u>
Expenditures								
Academic salaries	106,082,173	36.1	104,497,788	39.6	97,489,295	39.2	93,288,142	39.5
Classified salaries	71,162,341	24.2	62,145,496	23.6	60,697,850	24.5	58,156,042	24.5
Employee benefits	53,657,288	18.2	61,799,346	23.5	53,085,363	21.4	47,969,718	20.2
Supplies and materials	10,393,258	3.5	4,492,241	1.7	4,036,836	1.6	4,042,993	1.7
Other operating expenses	41,306,745	14.0	21,393,761	8.1	23,454,471	9.5	21,377,176	9.0
Capital outlay	5,206,008	1.8	4,627,120	1.8	4,840,447	2.0	4,519,383	1.9
Other sources and uses, net	6,395,592	2.2	4,596,238	1.7	4,470,838	1.8	7,624,695	3.2
Total expenditures and other uses	<u>294,203,405</u>	<u>100.0</u>	<u>263,551,990</u>	<u>100.0</u>	<u>248,075,100</u>	<u>100.0</u>	<u>236,978,149</u>	<u>100.0</u>
Increase (Decrease) in Fund Balance	<u>\$ (17,983,401)</u>	<u>(6.1)</u>	<u>\$ 5,165,672</u>	<u>2.0</u>	<u>\$ 9,252,530</u>	<u>3.7</u>	<u>\$ 3,642,207</u>	<u>1.5</u>
Assigned Fund Balance	6,081,021	2.1	20,700,020	7.8	25,435,417	10.3	22,153,185	9.3
Unassigned Fund Balance	41,260,196	14.0	41,260,196	15.7	30,510,300	12.3	25,465,432	10.7
Restricted Fund Balance	-	-	3,364,402	1.3	4,213,229	1.7	3,287,799	1.4
Total Ending Fund Balance	<u>\$ 47,341,217</u>	<u>16.1</u>	<u>\$ 65,324,618</u>	<u>24.8</u>	<u>\$ 60,158,946</u>	<u>24.3</u>	<u>\$ 50,906,416</u>	<u>21.4</u>
Full-Time Equivalent Students	<u>32,992</u>		<u>32,633</u>		<u>32,694</u>		<u>32,720</u>	
Total Long-Term Liabilities, Including Retiree Benefit Liability	<u>N/A</u>		<u>\$1,168,300,268</u>		<u>\$1,126,569,881</u>		<u>\$ 779,250,289</u>	

**IMPORTANT NOTES:**

The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance of 5 percent of unrestricted expenditures. In addition, the District's Board policy requires a 10 percent unrestricted ending fund balance. As such, the unassigned balance is 10 percent Board Policy reserve and any other remaining unassigned amounts in the unrestricted General Fund.

\* Unrestricted General Fund expenditures and fund balance for 2020-2021 budget year is projected to be \$227,086,214 and \$22,708,621, respectively, which meets the District's policy of 10 percent unrestricted ending fund balance.

All percentages are of total unrestricted and restricted expenditures combined.

\* The 2020-2021 budget presents the budget adopted by the Board of Trustees on October 14, 2020. The budget has been included for analytical purposes and has not been subjected to audit.

Long-term liabilities is reported for the District as a whole and includes debt related to all funds. Long-term liabilities reported above excludes unamortized premium.

Mt. San Antonio Community College District  
Schedule of Budgetary Comparison for the Combined General Fund  
June 30, 2020

	General Fund		
	Adopted Budget*	Actual	Variance
<b>Revenues</b>			
Federal revenues			
Higher Education Act	\$ 1,016,604	\$ 744,286	\$ (272,318)
Temporary Assistance for Needy Families	236,519	237,228	709
Student Financial Aid	916,290	505,016	(411,274)
Veterans Education	-	9,930	9,930
Vocational and Technical Education Act	1,065,580	1,065,580	-
Other federal revenues	1,552,881	4,083,009	2,530,128
State revenues			
General apportionments	123,763,181	131,591,582	7,828,401
Categorical apportionments	36,213,761	31,491,595	(4,722,166)
Other state revenues	13,192,896	19,710,326	6,517,430
Local revenues			
Property taxes	55,611,397	57,729,419	2,118,022
Interest and investment income	1,520,000	1,670,746	150,746
Student fees and charges	9,711,410	15,506,955	5,795,545
Contributions	-	260,399	260,399
Other local revenues	11,936,863	4,111,591	(7,825,272)
Total revenues	<u>256,737,382</u>	<u>268,717,662</u>	<u>11,980,280</u>
<b>Expenditures</b>			
Academic salaries	99,631,190	104,497,788	(4,866,598)
Classified salaries	63,579,853	62,145,496	1,434,357
Employee benefits	52,549,107	61,799,346	(9,250,239)
Supplies and materials	9,643,747	4,492,241	5,151,506
Other operating expenses	54,985,067	21,393,761	33,591,306
Capital outlay	4,542,860	4,627,120	(84,260)
Total expenditures	<u>284,931,824</u>	<u>258,955,752</u>	<u>25,976,072</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,194,442)</u>	<u>9,761,910</u>	<u>37,956,352</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capitalized equipment	2,500	18,239	15,739
Interfund transfers in	689,012	728,893	39,881
Interfund transfers out	(3,952,714)	(3,778,076)	174,638
Student financial aid	(1,284,880)	(1,565,294)	(280,414)
Total other financing sources (uses)	<u>(4,546,082)</u>	<u>(4,596,238)</u>	<u>(50,156)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	<u>(32,740,524)</u>	<u>5,165,672</u>	<u>37,906,196</u>
Fund Balance, Beginning of Year	<u>60,158,946</u>	<u>60,158,946</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 27,418,422</u>	<u>\$ 65,324,618</u>	<u>\$ 37,906,196</u>

\* The 2019-2020 budget has been included for analytical purposes and has not been subjected to audit.



## **Note 1 - Purpose of Schedules**

### **District Organization**

This schedule provides information about the District's governing board members and administration members.

### **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, 2020. 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. No federal financial assistance has been provided to a subrecipient. 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.

#### Indirect Cost Rate

The District has not elected to use the ten percent 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 on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

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

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

**Proposition 30 Education Protection Account (EPA) Expenditure Report**

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

**Reconciliation of Governmental Funds to the Statement of Net Position**

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

**Schedule of Financial Trends and Analysis of the Combined General Fund**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

**Schedule of Budgetary Comparison for the Combined General Fund**

This schedule presents the final General Fund budget as of the fiscal year end, actual amounts at fiscal year-end, and the variance between the final budget and actual amounts.



Independent Auditor's Reports  
June 30, 2020

**Mt. San Antonio Community College  
District**



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

Board of Trustees  
Mt. San Antonio Community College District  
Walnut, 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, the aggregate discretely presented component units, and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 17, 2021.

**Internal Control over Financial Reporting**

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

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

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

**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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 17, 2021



**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 Antonio Community College District  
Walnut, California

**Report on Compliance for Each Major Federal Program**

We have audited Mt. San Antonio Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

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

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

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

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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 17, 2021



## Independent Auditor's Report on State Compliance

Board of Trustees  
Mt. San Antonio Community College District  
Walnut, California

### Report on State Compliance

We have audited Mt. San Antonio Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 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, 2020.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



### **Compliance Requirements Tested**

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

Section 411	SCFF Data Management Control Environment
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

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

The District did not have any projects funded under Proposition 39 Clean Energy Fund; 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.

### **Unmodified Opinion**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table above that were audited for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-20 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California  
February 17, 2021

**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 Federal 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:	No

**Identification of major Federal programs:**

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Cares Act Higher Education Emergency Relief Funds, Student Portion	84.425E
COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,810,111
Auditee qualified as low-risk auditee:	Yes

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	Unmodified
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None reported.

None reported.

None reported.

**Financial Statement Findings**

None reported.

**Federal Award Findings**

None reported.

**State Award Findings**

None reported.

Mt. San Antonio Community College District  
Continuing Disclosure Information (Unaudited)  
Year Ended June 30, 2020

Assessed valuation for fiscal year 2019-20	\$ 93,186,560,655 (2)
Secured tax levies for fiscal year 2019-20	21,273,154 (1)
Secured tax delinquencies for fiscal year 2019-20	896,967 (1)
Secured tax collections for fiscal year 2019-20	20,376,187 (1)

	Property Owner	Land Use	2019-2020 Assessed Valuation (2)	% of Total (3)
1.	Majestic Realty Company	Industrial	\$ 407,589,554	0.44%
2.	Gilead Sciences Inc.	Industrial	247,092,324	0.26%
3.	Industry East Land LLC - Lessee	Industrial	236,617,758	0.25%
4.	Plaza West Covina LLC	Shopping Center	230,322,760	0.25%
5.	BRE DDR BR Eastland CA LLC	Shopping Center	180,509,731	0.19%
6.	301 South Glendora Avenue	Commercial	176,262,499	0.19%
7.	JCC California Properties LLC	Commercial	121,586,144	0.13%
8.	1301 East Gladstone Street	Shopping Center	119,590,419	0.13%
9.	Crow Family Holdings Industrial LP	Industrial	112,380,391	0.12%
10.	Newage PHM LLC	Shopping Center	108,870,389	0.12%
11.	Tropicana Manufacturing Company	Industrial	107,537,153	0.12%
12.	Wal Mart Real Estate Business Trust	Shopping Center	99,210,741	0.11%
13.	San Gabriel Valley Water Company	Water Company	89,449,107	0.10%
14.	1271 W Sunset LLC	Apartments	88,588,800	0.10%
15.	Kaiser Foundation Health Plan	Medical Offices	88,160,878	0.09%
16.	Hacienda Heights CA LLC	Apartments	87,472,225	0.09%
17.	Quemtco West LLC	Industrial	87,158,598	0.09%
18.	CPT Towers Industrial LLC	Industrial	83,497,200	0.09%
19.	Adcor Realty Corp.	Industrial	82,468,094	0.09%
20.	624 South Glendora Avenue Owner	Townhome Apartments	75,366,308	0.08%
			\$ 2,829,731,073	3.04%

(1) Source: Los Angeles County Auditor-Controller's Office

(2) Source: California Municipal Statistics, Inc.

(3) Percentage of total assessed valuation for the fiscal year 2019-2020 of \$93,186,560,655.