Financial Statements
June 30, 2020

Pasadena Area Community College District

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Independent Auditor's Report

Board of Trustees
Pasadena Area Community College District
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Pasadena Area 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 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 12 and other required supplementary information on pages 74 through 83 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information 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 the other supplementary information listed in the table of contents are the responsibility of management and was 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, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

INTRODUCTION

This section of our annual financial report offers a narrative overview and analysis of the financial activities of the Pasadena Area Community College District (the District) for the year ended June 30, 2020. This analysis is presented with comparative information from the years ended June 30, 2020 and June 30, 2019 to highlight changes from one year to the next. This section of our report should be read in conjunction with the basic financial statements, including footnotes. Responsibility for the completeness and accuracy of this information rests with the District management.

USING THIS ANNUAL REPORT

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole; the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

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

As recommended by the California Community Colleges Chancellor's Office, the District follows the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District ended the year with a General Unrestricted Fund Balance of $31,006,437 which consists of primarily of one-time carry over funds. It is important to note that the carryover balance is one-time in nature and not a recurring funding source. A portion of the carryover balance is set aside to meet the State Chancellor's Office recommended reserve level of five percent ($8.7 million).

The remaining reserves has been earmarked to address or partially address certain unfunded cost escalation in the coming years, mid-year cuts and deferred maintenance. An example of potential uses includes projected cuts in fiscal year 2020-2021 and 2021-2022 due to the fiscal impact of COVID-19.

- Salaries and benefits of the Academic, Classified, and Administrative salaries of District employees represent 91.07 percent of the total General Unrestricted Fund Expenditures (excluding any transfers). This represents an increase of .28 percent from the prior year percentage of 90.79 percent.

- As a condition of the passage of the District's $150 million General Obligation Bond, Measure P, a Citizens' Oversight Committee was formed under Proposition 39 requirements and met quarterly. The meetings are generally held at 6:00 pm every quarter during the months of January, April, August, and October at Pasadena City College and are open to the public.

- The District provided Federal, State, and local student financial aid including fee waivers to qualifying District Students in the amount of approximately $66.8 million. This represents an increase of $7.9 million from the 2018-2019 fiscal year. This aid is provided through grants, loans, scholarships, and tuition reductions from the Federal Government, State Chancellor's Office, and local funding.

- The District's primary funding source is apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2019-2020 fiscal year, total reported FTES were 23,940. There is a slight increase in reported FTES of 60 from fiscal year 2018-2019. The Student Center Funding Formula FTES was based upon P1 of 23,995 as allowed by the Emergency Protection for Apportionment Calculation pursuant to California Code of Regulations title 5 section 58146.

- Accounts receivable increased significantly at year end due economic uncertainty of the pandemic of COVID-19 with the State holding back a significant portion of our apportionment.

- The District reports a liability for its proportionate share of Net Pension Liability (NPL) that reflected a reduction for State pension support provided to the District. This is a result of GASB Statements No. 68 and No. 71, which requires that the District report its proportionate share of the net pension liabilities, pension expense, and deferred inflow and outflow of resources. As a result of implementing GASB Statement No. 68, the District's aggregate net pension liability as of June 30, 2020 was $183,462,592.

- During the 2017-2018 fiscal year, the District established a Governmental Accounting Standards Board (GASB) Statement No. 74 irrevocable trust with Public Agency Retirement Services (PARS) to fund other postemployment benefit (OPEB) liabilities. Through June 30, 2020, the District has contributed approximately $13.0 million to this trust.

- During the 2017-2018 fiscal year, the District established an irrevocable pension stability trust with Public Agency Retirement Services (PARS) to assist in stabilizing the District's funding for increasing future State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) liabilities. Through June 30, 2020, the District has contributed $4.0 million to this trust.

- The District's Change in Net Position for the current fiscal year is a decrease of $6.6 million. This is primarily due to the increase in salaries and benefits expense in relation to the rising aggregate net pension liability balances as of June 30, 2020.

THE DISTRICT AS A WHOLE

Net Position

Condensed financial information is as follows:

Table 1

	2020	2019	$ Change	% Change
Assets				
Current Assets				
Cash and investments	$ 91,747,134	$ 93,955,473	$ (2,208,339)	-2.4%
Accounts receivable	24,754,838	15,120,272	9,634,566	63.7%
Other current assets	1,130,167	1,332,454	(202,287)	-15.2%
Total current assets	117,632,139	110,408,199	7,223,940	6.5%
Capital Assets (net)	189,247,867	194,652,954	(5,405,087)	-2.8%
Total assets	306,880,006	305,061,153	1,818,853	0.6%
Deferred Outflows of Resources				
Deferred charges on refunding	2,274,512	2,337,216	(62,704)	-2.7%
Deferred outflows of resources related to OPEB	5,344	6,171	(827)	-13.4%
Deferred outflows of resources related to pensions	50,180,696	47,131,587	3,049,109	6.5%
Total deferred outflows of resources	52,460,552	49,474,974	2,985,578	6.0%
Total assets and deferred outflows of resources	$ 359,340,558	$ 354,536,127	$ 4,804,431	7.1%
Liabilities				
Current Liabilities				
Accounts payable and interest payable	$ 17,524,955	$ 14,540,529	$ 2,984,426	20.5%
Unearned revenue	14,414,269	15,115,202	(700,933)	-4.6%
Current portion of long-term liabilities	3,920,000	4,408,826	(488,826)	-11.1%
Total current liabilities	35,859,224	34,064,557	1,794,667	5.3%
Long-Term Liabilities	285,276,772	276,493,389	8,783,383	3.2%
Total liabilities	321,135,996	310,557,946	10,578,050	3.4%
Deferred Inflows of Resources				
Deferred inflows of resources related to OPEB	4,231,322	2,861,658	1,369,664	47.9%
Deferred inflows of resources related to pensions	13,900,740	14,403,715	(502,975)	-3.5%
Total deferred inflows of resources	18,132,062	17,265,373	866,689	5.0%
Total liabilities and deferred inflows of resources	339,268,058	327,823,319	11,444,739	3.5%
Net Position				
Net investment in capital assets	116,608,500	118,289,236	(1,680,736)	-1.4%
Restricted	29,818,889	25,545,399	4,273,490	16.7%
Unrestricted deficit	(126,354,889)	(117,121,827)	(9,233,062)	7.9%
Total net position	20,072,500	26,712,808	(6,640,308)	-24.9%
Total liabilities and net position	$ 359,340,558	$ 354,536,127	$ 4,804,431	1.4%

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

Capital Assets, net of depreciation is stated at the net historical value (original cost) of land, building, construction in progress, and equipment less accumulated depreciation.

Long-term liabilities consist primarily of the general obligation bond issue, aggregate net other postemployment benefits (OPEB) liability, compensated absences, load banking, claims liability, and aggregate net pension liability (NPL) for CalSTRS and CalPERS. Long-term liabilities increased by $8.8 million primarily due to increases in the NPL, offset by current year payments against the other long-term liabilities.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 15.

Table 2

	2020	2019	$ Change	% Change
Operating Revenues				
Tuition and fees	$ 24,469,915	$ 26,998,842	$ (2,528,927)	-9.4%
Grants and contracts	37,833,084	38,846,690	(1,013,606)	-2.6%
Total operating revenues	62,302,999	65,845,532	(3,542,533)	-5.4%
Operating Expenses				
Salaries and benefits	181,216,138	169,883,790	11,332,348	6.7%
Supplies, maintenance and other operating	33,503,294	36,965,323	(3,462,029)	-9.4%
Student aid	54,043,012	44,132,060	9,910,952	22.5%
Depreciation	8,140,967	8,334,397	(193,430)	-2.3%
Total operating expenses	276,903,411	259,315,570	17,587,841	6.8%
Loss on operations	(214,600,412)	(193,470,038)	(21,130,374)	10.9%
Nonoperating Revenues (Expenses)				
State apportionments	100,371,109	94,580,976	5,790,133	6.1%
Property taxes	45,873,984	46,793,218	(919,234)	-2.0%
Other State revenues	6,299,994	6,240,551	59,443	1.0%
Financial aid grants	52,760,206	42,758,387	10,001,819	23.4%
Net interest expense	(409,727)	(1,675,739)	1,266,012	-75.5%
Other nonoperating revenues	1,361,801	5,297,096	(3,935,295)	-74.3%
Total Nonoperating Revenues (Expenses)	206,257,367	193,994,489	12,262,878	6.3%
Other Revenues	1,702,737	3,341,576	(1,638,839)	-49.0%
Net Increase (Decrease) in Net Position	$ (6,640,308)	$ 3,866,027	$ (10,506,335)	-271.8%

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding. The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment, which increased in fiscal year 2019-2020. Property taxes levied and received from property within the District's boundaries decreased by $0.9 million during the year. These revenue sources are not from the direct users of the educational services (Students), they are considered Nonoperating Revenues. As a result, the operating loss of $214.6 million is balanced by the other funding sources. Total District expenditures were more than the total District revenues by $6.6 million for the year ended June 30, 2020.

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

During 2019-2020, the District's interest income was $1.4 million and interest expense was $1.8 million. Interest income is primarily derived from cash held in the Los Angeles County Treasury. Interest income has decreased approximately $82 thousand from the 2018-2019 fiscal year due to a decrease in the interest rate yield. A decrease of $1.3 million in interest expense for the year is the result of decreases in the accrued interest payable and lower interest payments associated with the issuance of the 2020 Refunding General Obligation Bonds.

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

Table 3

Year ended June 30, 2020:

	Salaries & Employee Benefits	Supplies, Material, Other Expenses, and Services	Student Aid	Depreciation	Total
Instructional activities	$ 102,626,339	$ 4,950,044	$ -	$ -	$ 107,576,383
Academic support	16,146,455	2,643,278	-	-	18,789,733
Student services	26,251,655	3,771,396	-	-	30,023,051
Plant operations and maintenance	8,452,567	4,389,048	-	-	12,841,615
Instructional support services	22,772,966	10,680,242	-	-	33,453,208
Community services and economic development	1,083,785	309,825	-	-	1,393,610
Ancillary services and auxiliary operations	3,882,371	1,153,425	-	-	5,035,796
Student aid	-	310,940	54,043,012	-	54,353,952
Physical property and related acquisitions	-	5,295,096	-	-	5,295,096
Unallocated depreciation	-	-	-	8,140,967	8,140,967
Total	$ 181,216,138	$ 33,503,294	$ 54,043,012	$ 8,140,967	$ 276,903,411

Changes in Cash Position

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

Table 4

	2020	2019	Change
Cash Provided by (Used in)			
Operating activities	$ (189,860,835)	$ (189,289,912)	$ (570,923)
Noncapital financing activities	186,469,763	191,605,454	(5,135,691)
Capital financing activities	23,021	(2,985,539)	3,008,560
Investing activities	1,159,712	1,470,465	(310,753)
Net Increase (Decrease) in Cash	(2,208,339)	800,468	(3,008,807)
Cash and Cash Equivalents, Beginning of Year	93,955,473	93,155,005	800,468
Cash and Cash Equivalents, End of Year	$ 91,747,134	$ 93,955,473	$ (2,208,339)

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff. Noncapital financing activities include receipts from State apportionment and property taxes. Capital financing activities relate to the spending of Measure P bond proceeds.

While State apportionment and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is nonoperating as it comes from the general resources of the State and not from the primary users of the District's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

Capital assets, net of depreciation, are the historical value (original cost) of land, buildings, construction in progress, and equipment less accumulated depreciation. Gross capital assets increased overall due to continuing construction on Measure P projects. Current year depreciation expense was approximately $8.1 million for a net reduction in our capital asset balance of approximately $5.4 million.

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

Table 5

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land and construction in progress	$ 12,504,434	$ 1,299,190	$ (1,257,587)	$ 12,546,037
Buildings and improvements	303,042,168	1,257,588	-	304,299,756
Equipment	30,620,946	1,482,559	(443,494)	31,660,011
Subtotal	346,167,548	4,039,337	(1,701,081)	348,505,804
Accumulated depreciation	(151,514,594)	(8,140,967)	397,624	(159,257,937)
	$ 194,652,954	$ (4,101,630)	$ (1,303,457)	$ 189,247,867

Long-Term Liabilities including OPEB and Pensions

Long-term liabilities consist primarily of general obligation bonds, aggregate net pension liability, and the aggregate net other postemployment benefits (OPEB) liability. At June 30, 2020, the District had approximately $76.2 million in liability outstanding due to the issuance of general obligation bonds. At June 30, 2020, the District's aggregate net pension liability was approximately $183.5 million. Note 13 to the financial statements provides additional information on the District's aggregate net pension liability.

The District is also obligated to employees of the District for vacation and load banking benefits.

Notes 10-13 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

Table 6

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
General obligation bonds	$ 81,402,857	$ 25,848,113	$ (31,043,152)	$ 76,207,818
Aggregate net OPEB liability	19,753,129	4,054	(783,381)	18,973,802
Aggregate net pension liability	170,063,976	13,398,616	-	183,462,592
Other long-term liabilities	9,682,253	1,432,395	(562,088)	10,552,560
Total Long-Term Liabilities	$ 280,902,215	$ 40,683,178	$ (32,388,621)	$ 289,196,772
Amount due within one year				$ 3,920,000

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2019-2020 fiscal year on June 17, 2020.

The District's final revised budget for the unrestricted General Fund anticipated that income would be $174,077,450 and total expenses would be $176,189,140. The actual results was total income was $176,118,080 and total expenses were $175,469,306.

ECONOMIC FACTORS AFFECTING THE FUTURE OF PASADENA AREA COMMUNITY COLLEGE DISTRICT

The financial strength and stability of the District is closely aligned with California's economic position as State apportionments, State Mandated Cost Reimbursements, and property taxes allocated to the District represent approximately 84.7 percent of the unrestricted General Fund.

The budget outlooks deteriorated precipitously due to the COVID-19 pandemic and the ensuring recession. The State of California administration originally projected a $5.6 billion surplus and over $21 billion in reserves. The State entered a deep economic and unexpected recession in the fourth quarter of fiscal year 2019/2020. The recession, combined with the $5.7 billion in new spending related to the COVID-19 response, transformed the projected surplus to a $54.3 billion deficit.

In response to the recession, Congress approved a $2 trillion economic relief package, also known as the Coronavirus Aid, Relief, and Economic Security (CARES) act. The CARES act was signed into law by the President on March 27, 2020. The CARES funding provides direct fiscal relief to taxpayers, state and local governments and small business. In addition to these direct federal payments, district's received federal and state relief funds through the Budget Act, in the form of $120 million COVID-19 response block grant. Pasadena City College was awarded $16.2 million from the CARES Act - Higher Education Emergency Relief Fund, and $2.6 million from the CARES Act Coronavirus Relief Fund, known as the Block Grant which includes both the Federal and State portion.

Throughout 2020-21 emergency conditions under Title 5, section 58146 will continue to be in effect. The Chancellors Office issued 24 Executive Orders that suspended sections of Title 5 with a focus of ensuring continuity of education, student access, and reduce barriers that hinder continuity of services during an emergency. The Budget Act preserved funding for most of CCC programs at the 2019-2020 levels. To meet budget reductions targets while maintaining and expanding funding the budget deferred payments to the community colleges from one fiscal year into the next for both 2019-2020 and 2020-2021. Pasadena City College deferrals amounted to $32 million comprised of $25,066,375 from apportionment for the unrestricted general fund and $6,930,240 from apportionment for the restricted general fund in fiscal year 2020-2021.

There are several factors, decisions, or conditions that may have a significant impact on the financial positions or results from operations of the District during the pandemic and restrictions imposed by the State Government. However, the District has mitigated the deferred cash flow through a Tax and Revenue Anticipation Note, and utilizing the CARES and Block Grants to supplement COVID related expenses and ensure success of our students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact Pasadena Area Community College District, 1570 East Colorado Boulevard, Pasadena, California 91106 or call (626) 585-7170.

Assets	
Current Assets	
Cash and cash equivalents	$ 681,781
Investments	91,065,353
Accounts receivable	19,835,017
Student receivables, net	4,883,666
Due from fiduciary funds	36,155
Prepaid expenses	989,667
Other current assets	140,500
Total current assets	117,632,139
Noncurrent Assets	
Nondepreciable capital assets	12,546,037
Depreciable capital assets, net of depreciation	176,701,830
Total noncurrent assets	189,247,867
Total assets	306,880,006
Deferred Outflows of Resources	
Deferred charges on refunding	2,274,512
Deferred outflows of resources related to OPEB	5,344
Deferred outflows of resources related to pensions	50,180,696
Total deferred outflows of resources	52,460,552

Liabilities	
Current Liabilities	
Accounts payable	$ 16,388,936
Accrued interest payable	1,136,019
Unearned revenue	14,414,269
Long-term liabilities other than OPEB and pensions due within one year	3,920,000
Total current liabilities	35,859,224
Noncurrent Liabilities	
Long-term liabilities other than OPEB and pensions due in more than one year	82,840,378
Aggregate net other postemployment benefits (OPEB) liability	18,973,802
Aggregate net pension liability	183,462,592
Total noncurrent liabilities	285,276,772
Total liabilities	321,135,996
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	4,231,322
Deferred inflows of resources related to pensions	13,900,740
Total deferred inflows of resources	18,132,062
Net Position	
Net investment in capital assets	116,608,500
Restricted for:	
Debt service	5,359,061
Capital projects	20,837,175
Educational programs	2,683,767
Other activities	938,886
Unrestricted deficit	(126,354,889)
Total net position	$ 20,072,500

Operating Revenues	
Student tuition and fees	$ 37,225,278
Less: Scholarship discount and allowance	(12,755,363)
Net tuition and fees	24,469,915
Grants and Contracts, noncapital	
Federal	8,849,329
State	28,224,794
Local	758,961
Grants and contracts, noncapital	37,833,084
Total operating revenues	62,302,999
Operating Expenses	
Salaries	123,641,105
Employee benefits	57,575,033
Supplies, materials, and other operating expenses and services	28,330,184
Student financial aid	54,043,012
Equipment, maintenance, and repairs	5,173,110
Depreciation	8,140,967
Total operating expenses	276,903,411
Operating loss	(214,600,412)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	100,371,109
Local property taxes, levied for general purposes	39,022,298
Taxes levied for other specific purposes	6,851,686
Federal financial aid grants, noncapital	43,663,162
State financial aid grants, noncapital	9,097,044
State taxes and other revenues	6,299,994
Investment income	1,317,775
Interest expense on capital related debt	(1,798,451)
Investment income on capital asset-related debt	70,949
Transfer to fiduciary funds	(359,336)
Other nonoperating revenue	1,721,137
Total nonoperating revenues (expenses)	206,257,367
Loss before other revenues	(8,343,045)
Other Revenues (Losses)	
Loss on disposal of capital assets	(45,870)
State revenues, capital	1,130,498
Local revenues, capital	618,109
Total other revenues (losses)	1,702,737
Change in Net Position	(6,640,308)
Net Position, Beginning of Year	26,712,808
Net Position, End of Year	$ 20,072,500

Operating Activities	
Tuition and fees	$ 24,097,195
Federal, state, and local grants and contracts, noncapital	40,336,735
Payments to or on behalf of employees	(168,866,766)
Payments to vendors for supplies and services	(31,384,987)
Payments to students for scholarships and grants	(54,043,012)
Net Cash Flows from Operating Activities	(189,860,835)
Noncapital Financing Activities	
State apportionments	89,020,123
Noncapital grants and contracts	52,760,206
Property taxes - nondebt related	39,022,298
State taxes and other apportionments	6,278,717
Other nonoperating payments	(611,581)
Net Cash Flows from Noncapital Financing Activities	186,469,763
Capital Financing Activities	
Purchase of capital assets	(2,288,178)
Proceeds from capital debt	25,848,113
State revenue, capital projects	2,121,906
Local revenue, capital projects	618,109
Property taxes - related to capital debt	6,851,686
Principal paid on capital debt	(29,145,000)
Interest paid on capital debt	(4,054,564)
Interest received on capital asset-related debt	70,949
Net Cash Flows from Capital Financing Activities	23,021
Investing Activities	
Interest received from investments	1,159,712
Net Change in Cash and Cash Equivalents	(2,208,339)
Cash and Cash Equivalents, Beginning of Year	93,955,473
Cash and Cash Equivalents, End of Year	$ 91,747,134

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (214,600,412)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	8,140,967
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Receivables	1,873,576
Prepaid expenses and other assets	202,287
Deferred outflows of resources related to pensions	(3,049,109)
Deferred outflows of resources related to OPEB	827
Accounts payable and accrued liabilities	2,957,389
Unearned revenue	257,355
Compensated absences, load banking, and SERP	870,307
Deferred inflows of resources related to pensions	(502,975)
Deferred inflows of resources related to OPEB	1,369,664
Aggregate net pension liability	13,398,616
Aggregate net OPEB liability	(779,327)
Total adjustments	24,739,577
Net Cash Flows from Operating Activities	$ (189,860,835)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 681,781
Investments	1,289,469
Cash in county treasury	89,775,884
Total cash and cash equivalents	$ 91,747,134
Noncash Transactions	
Amortization of debt premium	$ 1,898,152
Amortization of deferred charges on refunding	$ 336,176

	Retiree OPEB Trust	Other Trust Funds
Assets		
Cash and cash equivalents	$ -	$ 3,426,037
Investments	13,568,618	6,231,529
Accounts receivable	-	223,364
Prepaid expenses	-	4,125
Total assets	13,568,618	9,885,055
Liabilities		
Accounts payable	-	241,531
Due to primary government	-	36,155
Total liabilities	-	277,686
Net Position		
Restricted for postemployment benefits other than pensions	13,568,618	-
Restricted	-	5,645,354
Unrestricted	-	3,962,015
Total net position	$ 13,568,618	$ 9,607,369

	Retiree OPEB Trust	Other Trust Funds
Additions		
District contributions	$ 1,259,116	$ 359,336
Interest and investment income, net of fees	820,027	392,693
Local revenues	-	1,635,340
Transfers from primary government	-	359,336
Total additions	2,079,143	2,746,705
Deductions		
Classified salaries	-	305,034
Employee benefits	1,259,116	57,464
Books and supplies	-	436,952
Services and operating expenditures	28,401	907,805
Capital outlay	-	21,147
Student aid	-	64,009
Total deductions	1,287,517	1,792,411
Change in Net Position	791,626	954,294
Net Position - Beginning of Year	12,776,992	8,653,075
Net Position - End of Year	$ 13,568,618	$ 9,607,369

Note 1 - Organization

Pasadena Area Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and two education centers located within Pasadena and Rosemead. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. 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. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District. The District has no component units.

The District has analyzed the financial and accountability relationship with the Pasadena City College Foundation (the Foundation) in conjunction with the GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundation's financial statements in the District's annual report. Information on the Foundation may be requested through the Pasadena City College Foundation.

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, No. 39, and No. 61. 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 and non-capital federal, state, and local 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. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

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, fixed income investments held by the Bookstore for expenses related to the close-out of the fund, 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 auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $708,557 for the year ended June 30, 2020.

Prepaid Expenses

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

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and land improvements, 50 years; site improvements, 20 years; equipment, 5 to 15 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 current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .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 Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, 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 refunding of debt, for pension related items, and for OPEB related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB related items relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB related items relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/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 aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, compensated absences, claims payable, and load banking liabilities 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 $29,818,889 of restricted net position.

Operating Revenues and Expenses

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

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

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

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

State Apportionments

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of 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 a General Obligation Bond in 2002 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 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, P*ostponement 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. 88, Certain Disclosures Related to Deb, including Direct Borrowings and Direct Placements and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The District has already implemented these standards 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 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, A*ccounting 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, S*ubscription-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, C*ertain 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

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 the 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.

Investment in County Treasury

The District deposits all receipts and collections of monies with their County Treasurer. 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	$ 91,747,134
Fiduciary Funds	23,226,184
Total deposits and investments	$ 114,973,318
Cash on hand and in banks	$ 3,683,292
Cash in revolving	424,526
Cash in county treasury	89,775,884
Investments	21,089,616
Total deposits and investments	$ 114,973,318

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 investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment Pool and mutual funds. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measures by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Reported Amount	Weighted Average Days to Maturity	Average Credit Rating
Los Angeles County Investment Pool	$ 89,775,884	590	N/A
Mutual Funds	19,213,972	N/A	N/A
Corporate Bonds	488,297	569	BBB+
U.S. Treasury Bills	830,759	1375	N/A
Municipal Bonds	259,463	206	AA
CMO and Asset-Backed Securities	140,177	2027	B-
CD's and BAs	156,948	241	N/A
Total	$ 110,865,500		

Custodial Credit Risk -– Deposits and Investments

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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 $4,144,322 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of $19,589,616 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's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker's Acceptance.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Level 1 Inputs	Level 2 Inputs
Mutual Funds	$ 19,213,972	$ 19,213,972	$ -
Corporate Bonds	488,297	-	488,297
U.S. Treasury Bills	830,759	-	830,759
Municipal Bonds	259,463	-	259,463
CMO and Asset-Backed Securities	140,177	-	140,177
CD's and BAs	156,948	-	156,948
Total	$ 21,089,616	$ 19,213,972	$ 1,875,644

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

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 5,474,409
Other federal	2,942
State Government	
Apportionment	11,318,525
Categorical aid	253,439
Lottery	1,276,694
State construction	87,787
PCC Foundation	355,589
Interest	164,329
Other local	901,303
Total	$ 19,835,017
Student receivables	$ 5,592,223
Less allowance for bad debt	(708,557)
Student receivables, net	$ 4,883,666

	Fiduciary Funds
Other local	$ 223,364

Note 6 - Capital Assets

Capital asset activity 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	$ 12,270,718	$ -	$ -	$ 12,270,718
Construction in progress	233,716	1,299,190	(1,257,587)	275,319
Total Capital Assets Not Being Depreciated	12,504,434	1,299,190	(1,257,587)	12,546,037
Capital Assets Being Depreciated				
Buildings and improvements	284,025,266	959,153	-	284,984,419
Site improvements	19,016,902	298,435	-	19,315,337
Equipment	30,620,946	1,482,559	(443,494)	31,660,011
Total Capital Assets Being Depreciated	333,663,114	2,740,147	(443,494)	335,959,767
Total Capital Assets	346,167,548	4,039,337	(1,701,081)	348,505,804
Less Accumulated Depreciation				
Buildings and improvements	(116,203,602)	(5,582,980)	-	(121,786,582)
Site improvements	(13,123,347)	(721,105)	-	(13,844,452)
Equipment	(22,187,645)	(1,836,882)	397,624	(23,626,903)
Total Accumulated Depreciation	(151,514,594)	(8,140,967)	397,624	(159,257,937)
Net Capital Assets	$ 194,652,954	$ (4,101,630)	$ (1,303,457)	$ 189,247,867

Depreciation expense for the year was $8,140,967.

Note 7 - Accounts Payable

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

	Primary Government
Accrued payroll and benefits	$ 9,355,330
Construction	1,345,367
Vendor payables	5,688,239
Total	$ 16,388,936

	Fiduciary Funds
Vendor payables	$ 241,531

Note 8 - Unearned Revenue

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

	Primary Government
Federal categorical aid	$ 12,809
State categorical aid	9,236,512
Lottery	988,927
Scheduled maintenance	2,296,181
Student fees	1,371,366
Other local	508,474
Total	$ 14,414,269

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 and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, there was a balance of $36,155 that was owed to the primary government from the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019-2020 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $359,336.

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 year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Bonds Payable					
General obligation bonds, 2009 Series D	$ 1,840,000	$ -	$ (1,840,000)	$ -	$ -
Unamortized debt premium	73,585	-	(73,585)	-	-
General obligation bonds, 2009 Series E	25,295,000	-	(25,295,000)	-	-
Unamortized debt premium	1,045,487	-	(1,045,487)	-	-
General obligation bonds, Refunding Bonds 2014	13,900,000	-	(1,495,000)	12,405,000	1,525,000
Unamortized debt premium	1,555,178	-	(200,668)	1,354,510	-
General obligation bonds, Refunding Bonds 2016	32,395,000	-	(515,000)	31,880,000	2,180,000
Unamortized debt premium	5,298,607	-	(412,879)	4,885,728	-
General obligation bonds, Refunding Bonds 2020	-	22,165,000	-	22,165,000	215,000
Unamortized debt premium	-	3,683,113	(165,533)	3,517,580	-
Total bonds payable	81,402,857	25,848,113	(31,043,152)	76,207,818	3,920,000
Other Liabilities					
Compensated absences	2,523,107	1,432,395	-	3,955,502	-
Load banking	672,228	-	(3,262)	668,966	-
Claims liability	5,928,092	-	-	5,928,092	-
Supplemental employee retirement plan (SERP)	558,826	-	(558,826)	-	-
Total other liabilities	9,682,253	1,432,395	(562,088)	10,552,560	-
Total long-term liabilities	$ 91,085,110	$ 27,280,508	$ (31,605,240)	$ 86,760,378	$ 3,920,000

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the Bond Interest Redemption Fund with local property tax collections. The compensated absences and load banking are paid by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the supplemental employee retirement incentive plan. The Internal Service fund makes payments for the claims liability.

Bonded Debt

2009 General Obligation Bonds

During September 2009, the District issued the General Obligation Bonds, Series 2009D and 2009E in the amount of $52,000,000. The bonds mature beginning on August 1, 2011 through August 1, 2034, with interest yields ranging from 3.00 to 6.65 percent. The bonds issued included $25,295,000 of current interest Build America Bonds (Series 2009E Bonds) and $26,705,000 of current interest bonds (Series 2009D Bonds). At June 30, 2020, the principal balance outstanding was paid in full.

The District has designated the Series 2009E Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the Stimulus Act), the interest on which is not excluded from gross income for Federal income tax purposes, but is exempt from State of California personal income taxes. The District expects to receive a cash subsidy from the United States Treasury equal to 35 percent of the interest payable on such Series 2009E Bonds. The District is obligated to make all payments of principal and interest on the Series 2009E Bonds from the sources described in the official statement whether or not it receives cash subsidy payments pursuant to the Stimulus Act. Effective March 1, 2013, the subsidy percentage was reduced by 8.7 percent, to 26.3 percent as a result of sequestration by the Federal government. The sequestration percentage was adjusted to 6.2 percent as of October 1, 2018, resulting in a subsidy of $548,690 for the current year.

2014 General Obligation Refunding Bonds

During April 2014, the District issued the $16,980,000 2014 General Obligation Refunding Bonds, Series A. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2026, with interest rates from 2.00 to 5.00 percent. The net proceeds of $19,812,097 (representing the principal amount of $16,980,000 plus premium on issuance of $2,832,097) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2006B and pay the costs associated with the issuance of the refunding bonds. At June 30, 2020, the principal balance outstanding was $12,405,000. Unamortized premium received on issuance of the bonds amounted to $1,354,510 as of June 30, 2020.

2016 General Obligation Refunding Bonds

During May 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $33,995,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $7,157,913 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted to present value.

The bonds have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00 percent. The net proceeds of $40,771,030 (representing the principal amount of $33,995,000 plus premium on issuance of $6,776,030) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2006B, advance a portion of the District's outstanding 2002 General Obligation Bonds, Series 2009D, and pay the costs associated with the issuance of the refunding bonds. At June 30, 2020, the principal balance outstanding was $31,880,000. Unamortized premium received on issuance of the bonds amounted to $4,885,728 as of June 30, 2020.

2020 General Obligation Refunding Bonds

During February 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $22,165,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $9,626,191 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted to present value.

The bonds have a final maturity to occur on August 1, 2027, with interest rate of 4.00 percent. The net proceeds from the issuance were used to refund on a current basis the District's outstanding 2002 General Obligation Bonds, Series 2009E and pay the costs associated with the issuance of the refunding bonds. At June 30, 2020, the principal balance outstanding was $22,165,000. Unamortized premium received on issuance of the bonds amounted to $3,517,580 as of June 30, 2020.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
9/30/2009	8/1/2019	3.00%-5.00%	$ 26,705,000	$ 1,840,000	$ -	$ (1,840,000)	$ -
9/30/2009	8/1/2034	6.50%-6.65%	25,295,000	25,295,000	-	(25,295,000)	-
4/2/2014	8/1/2026	2.00%-5.00%	16,980,000	13,900,000	-	(1,495,000)	12,405,000
5/12/2016	8/1/2031	2.00%-5.00%	33,995,000	32,395,000	-	(515,000)	31,880,000
2/26/2020	8/1/2027	4.00%	22,165,000	-	22,165,000	-	22,165,000
				$ 73,430,000	$ 22,165,000	$ (29,145,000)	$ 66,450,000

The 2014 General Obligation Refunding Bonds mature through 2027 as follows:

Fiscal Year Ending	Principal	Current Interest to Maturity	Total
2021	$ 1,525,000	$ 582,125	$ 2,107,125
2022	1,600,000	504,000	2,104,000
2023	1,680,000	422,000	2,102,000
2024	1,765,000	335,875	2,100,875
2025	1,850,000	245,500	2,095,500
2026-2027	3,985,000	201,625	4,186,625
Total	$ 12,405,000	$ 2,291,125	$ 14,696,125

The 2016 General Obligation Refunding Bonds mature through 2032 as follows:

Fiscal Year Endling	Principal	Current Interest to Maturity	Total
2021	$ 2,180,000	$ 1,377,350	$ 3,557,350
2022	2,265,000	1,288,450	3,553,450
2023	2,360,000	1,184,150	3,544,150
2024	2,475,000	1,063,275	3,538,275
2025	2,600,000	936,400	3,536,400
2026-2030	13,895,000	2,703,150	16,598,150
2031-2032	6,105,000	246,700	6,351,700
Total	$ 31,880,000	$ 8,799,475	$ 40,679,475

The 2020 General Obligation Refunding Bonds mature through 2028 as follows:

Fiscal Year Ending	Principal	Current Interest to Maturity	Total
2021	$ 215,000	$ 781,326	$ 996,326
2022	-	878,000	878,000
2023	2,630,000	825,400	3,455,400
2024	3,065,000	711,500	3,776,500
2025	3,480,000	580,600	4,060,600
2026-2028	12,775,000	789,700	13,564,700
Total	$ 22,165,000	$ 4,566,526	$ 26,731,526

Compensated Absences

At June 30, 2020, the liability for compensated absences was $3,955,502.

Load Banking

At June 30, 2020, the liability for load banking was $668,966.

Early Retirement Incentive

The District has entered into various Supplemental Employee Retirement Plan (SERP) to provide certain benefits to employees participating in the early retirement incentive programs. At June 30, 2020, the liability for the SERP was paid in full.

Note 11 - Aggregate Net Other Postemployment Benefit (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	$ 18,215,598	$ 5,344	$ 4,231,322	$ 587,110
Medicare Premium Payment (MPP) Program	758,204	-	-	4,054
Total	$ 18,973,802	$ 5,344	$ 4,231,322	$ 591,164

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Public Agency Retirement Services (PARS), Irrevocable Trust Management Services.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	45
Active employees	850
	895

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by PARS as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Faculty Association (FA), the local California Service Employees Association (CSEA), and unrepresented groups. The voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, FA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2020, the District contributed $1,259,116 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
Bonds - U.S. & International	60.0%
Equities - U.S. & International	40.0%

Rate of Return

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was 6.18 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 $18,215,598 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 that date. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 31,784,216
Plan fiduciary net position	13,568,618
District's net OPEB liability	$ 18,215,598
Plan fiduciary net position as a percentage of the total OPEB liability	42.69%

Actuarial Assumptions

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

Inflation	2.25 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	5.25 percent, net of investment expense, including inflation
Healthcare cost trend rates	6.00 percent for 2019-2020, decreasing to 4.50% for 2022-2023 and after
Retirees' share of benefit-related costs	CFT employees hired on or after July 1, 2011 pay any premium increases after year of retirement; all other eligible retiree groups are paid for entirely by the District.

The discount rate was based on the expected long-term rate of return for Vanguard's Conservative Strategy.

Mortality rates were based on the RP-2014 Employee and Health Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100 percent of scale MP-2016 for years 2014 through 2029, 50 percent of MP-2016 for years 2030 through 2049, and 20 percent of MP-2016 for 2050 and thereafter.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actual experience study through July 1, 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
U.S. Equities - Large Cap	13.82%
U.S. Equities - Medium & Small Cap	12.10%
International Equities	3.72%
U.S. Investment Grade Bonds	3.69%
International Bonds	4.20%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.25 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	$ 31,775,971	$ 12,776,992	$ 18,998,979
Service cost	1,488,553	-	1,488,553
Interest	1,714,076	-	1,714,076
Differences between expected and actual experience	(1,028,194)	-	(1,028,194)
Contributions - employer	-	1,259,116	(1,259,116)
Net investment income	-	820,027	(820,027)
Changes of assumptions	(907,074)	-	(907,074)
Benefit payments	(1,259,116)	(1,259,116)	-
Administrative expense	-	(28,401)	28,401
Net change in total OPEB liability	8,245	791,626	(783,381)
Balance at June 30, 2020	$ 31,784,216	$ 13,568,618	$ 18,215,598

The ultimate healthcare trend rate assumption changed from 5.0 percent to 4.5 percent since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.25%)	$ 20,538,687
Current discount rate (5.25%)	18,215,598
1% increase (6.25%)	16,063,984

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 (5.0% decreasing to 3.5%)	$ 15,143,915
Current healthcare cost trend rate (6.0% decreasing to 4.5%)	18,215,598
1% increase (7.0% decreasing to 5.5%)	21,755,659

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

At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,344	$ 941,399
Changes of assumptions	-	3,060,396
Net difference between projected and actual earnings on OPEB plan investments	-	229,527
Total	$ 5,344	$ 4,231,322

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (704,674)
2022	(704,674)
2023	(702,558)
2024	(664,765)
2025	(664,765)
Thereafter	(784,542)
Total	$ (4,225,978)

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 contributions. 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 $758,204 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 0.2036 percent and 0.1970, respectively, resulting in a net increase in the proportionate share of 0.0066 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $4,054.

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
Invesment 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%)	$ 827,374
Current discount rate (3.50%)	758,204
1% increase (4.50%)	694,606

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 710,664
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	758,204
1% increase (4.7% Part A and 5.1% Part B)	853,164

Note 12 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District has coverage up to $55,000,000 for liability and tort risks. This coverage is subject to a $50,000 self-insured retention for each general liability claim and $25,000 for each property damage claim. The District participates in a JPA to provide excess insurance coverage above the self-insured retention level. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Workers' Compensation

For fiscal year 2019-2020, the District participated in the Schools Alliance for Workers' Compensation Excess Group Purchase (SAWCX II) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first $500,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2020:

	Workers' Compensation	Property and Liability
Liability Balance, July 1, 2018	$ 4,938,245	$ 225,000
Claims and changes in estimates	3,380,866	923,152
Claims payments	(2,616,019)	(923,152)
Liability Balance, June 30, 2019	5,703,092	225,000
Claims and changes in estimates	1,122,041	1,091,976
Claims payments	(1,122,041)	(1,091,976)
Liability Balance, June 30, 2020	$ 5,703,092	$ 225,000
Assets Available to Pay Claims at June 30, 2020	$ 9,919,916	$ 2,575,279

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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of 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 expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 103,947,383	$ 31,792,418	$ 12,360,831	$ 12,474,526
CalPERS - Schools Risk Pool	64,034,102	15,772,550	1,288,055	10,683,558
CalPERS - Misc. Pool Plan (Bookstore)	1,356,900	239,715	48,304	297,823
$1,440 Lifetime Benefit	14,124,207	2,376,013	203,550	1,063,068
Total	$ 183,462,592	$ 50,180,696	$ 13,900,740	$ 24,518,975

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

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

	STRP Defined Benefit Program	
	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 $10,897,459.

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	$ 103,947,383
State's proportionate share of net pension liability associated with the District	56,710,237
Total	$ 160,657,620

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 0.1151 percent and 0.1098 percent, respectively, resulting in a net increase in the proportionate share of 0.0053 percent.

For the year ended June 30, 2020, the District recognized pension expense of $12,474,526. In addition, the District recognized pension expense and revenue of $8,445,377 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,897,459	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,485,475	5,427,629
Differences between projected and actual earnings on pension plan investments	-	4,004,085
Differences between expected and actual experience in the measurement of the total pension liability	262,412	2,929,117
Changes of assumptions	13,147,072	-
Total	$ 31,792,418	$ 12,360,831

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 earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (403,881)
2022	(3,178,773)
2023	(659,962)
2024	238,531
Total	$ (4,004,085)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 2,612,809
2022	2,612,811
2023	2,205,531
2024	4,213,085
2025	544,605
Thereafter	349,372
Total	$ 12,538,213

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%)	$ 154,786,257
Current discount rate (7.10%)	103,947,383
1% increase (8.10%)	61,792,274

California Public Employees' Retirement System (CalPERS) - Schools Risk Pool

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 can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.000%
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 $6,617,767.

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 $64,034,102. 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, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.2197 percent and 0.2111 percent, respectively, resulting in a net increase in the proportionate share of 0.0086 percent.

For the year ended June 30, 2020, the District recognized pension expense of $10,683,558. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS - Schools Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,617,767	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,455,115	694,127
Differences between projected and actual earnings on pension plan investments	-	593,928
Differences between expected and actual experience in the measurement of the total pension liability	4,651,446	-
Changes of assumptions	3,048,222	-
Total	$ 15,772,550	$ 1,288,055

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

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

Year Ended June 30,	CalPERS - Schools Risk Pool Deferred Outflows/(Inflows) of Resources
2021	$ 586,273
2022	(1,171,062)
2023	(177,459)
2024	168,320
Total	$ (593,928)

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

Year Ended June 30,	CalPERS - Schools Risk Pool Deferred Outflows/(Inflows) of Resources
2021	$ 4,713,774
2022	2,405,992
2023	1,218,991
2024	121,899
Total	$ 8,460,656

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 services

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	CalPERS - Schools Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 92,300,948
Current discount rate (7.15%)	64,034,102
1% increase (8.15%)	40,584,801

California Public Employees' Retirement System (CalPERS) – Miscellaneous Pool Plan (Bookstore)

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The District sponsors one Miscellaneous Pool Plan (the Plan) for employees of the District Bookstore. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Miscellaneous Risk Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The CalPERS Miscellaneous Risk Pool is closed to new entrants and no current employees are covered by the plan.

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

	Miscellaneous Pool Plan (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 60
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required unfunded liability payment to CalPERS	$76,320	$0

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 contributions for the year ended June 30, 2020 was $76,320.

Pension Liabilities, Pension Expense, and 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 Miscellaneous Risk Pool net pension liability $1,356,900. 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, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0316 percent and 0.0312 percent, respectively, resulting in a net increase in the proportionate share of 0.0004 percent.

For the year ended June 30, 2020, the District recognized pension expense of $297,823 for CalPERS Miscellaneous Risk Pool. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS - Miscellaneous Pool Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 76,320	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,537	4,838
Differences between projected and actual earnings on pension plan investments	-	22,101
Differences between expected and actual experiences in the measurement of the total pension liability	94,588	-
Changes of assumptions	60,270	21,365
Total	$ 239,715	$ 48,304

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

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

Year Ended June 30,	CalPERS - Miscellaneous Pool Plan Deferred Outflows/(Inflows) of Resources
2021	$ 14,229
2022	(18,815)
2023	(21,978)
2024	4,463
Total	$ (22,101)

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

Year Ended June 30,	CalPERS - Miscellaneous Pool Plan Deferred Outflows/(Inflows) of Resources
2021	$ 97,796
2022	24,080
2023	15,316
Total	$ 137,192

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to a 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 services

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

	CalPERS - Miscellaneous Pool Plan
Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 2,176,539
Current discount rate (7.15%)	1,356,900
1% increase (8.15%)	680,346

$1,440 Lifetime Benefit Plan

Plan Description

The District administers and contributes to a single-employer defined benefit pension plan for eligible retirees upon retirement from the District and reaching the age of 65. An annual payment of $1,440 is contributed by the District to eligible retirees. This plan is subject to the reporting requirements under GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. There are 850 active employees who may become eligible to retire and receive benefits in the future, 45 retirees with deferred benefits, and 423 retirees receiving District-paid benefits as of the July 1, 2019 valuation date. The measurement date for the total pension liability is June 30, 2020. As of June 30, 2020, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

Benefits Provided

The District provides an annual payment of $1,440 to eligible retirees to help offset the costs of healthcare coverage. To be eligible for the benefit, regular full-time employees of the District, excluding hourly and adjunct employees, must have completed at least 14 years of service to the District, with the exception that classified employees who are members of CFT Local 6525 hired on or after July 1, 2011, who must have at least 22 years of service to be eligible. Benefits take effect upon the eligible retiree reaching the age of 65. There is no requirement for the $1,440 to be spent on health insurance and is treated as taxable income to the retiree and is thus considered to be a pension plan rather than a retiree health benefit plan falling within the scope of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The benefit is paid in full during the first year of eligibility and there are no spousal or survivor benefits paid under this plan.

This benefit is payable in addition to pension benefits that may be payable under one of the District's other pension plans (CalPERS, CalSTRS, or a supplemental employee retirement plan).

The $1,440 Lifetime Benefit provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CFT Local #6525	All Other Regular, Full-Time Employees
Hire date	On or after July 1, 2011	N/A
Benefit formula	$1,440	$1,440
Benefit vesting schedule	22 years of service	14 years of service
Benefit payments	Annual for life	Annual for life
Vesting age	65	65
Required employee contribution rate	N/A	N/A
Required employer contribution rate	$1,440 per retiree	$1,440 per retiree

Contributions

The District provides an annual contribution of $1,440 to all eligible retirees in the plan. Total District contributions for the year ended June 30, 2020 were $632,004, inclusion of an implicit subsidy.

Changes in the Total Pension Liability (TPL)

	Total Pension Liability
Balance at June 30, 2019	$ 11,731,532
Service cost	326,443
Interest	309,638
Difference between expected and actual experience	216,306
Changes of assumptions	2,172,292
Benefit payments	(632,004)
Net change in total pension liability	2,392,675
Balance at June 30, 2020	$ 14,124,207

There was a change in the discount rate from 3.50 percent to 2.20 percent since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

As of June 30, 2020, the District reported a total pension liability for the $1,440 Lifetime Benefit plan totaling $14,124,207. The net pension liability was measured as of June 30, 2020. The District's total pension liability was based on a projection of the District's long-term contributions to the pension plan and was actuarially determined.

For the year ended June 30, 2020, the District recognized pension expense of $1,063,068. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 213,218	$ -
Changes of assumptions	2,162,795	203,550
Total	$ 2,376,013	$ 203,550

The deferred outflows/(inflows) of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2021	$ 494,837
2022	494,837
2023	494,837
2024	493,400
2025	398,102
Total	$ 2,376,013

Year Ended June 30,	Deferred Inflows of Resources
2021	$ (67,850)
2022	(67,850)
2023	(67,850)
Total	$ (203,550)

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of July 1, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Experience study	Through July 1, 2019
Actuarial cost method	Entry age, level percent of pay
Discount rate	2.20%, net of investment expenses
Inflation rate	2.25%

The mortality tables used were the RP-2014 Employee and Healthy Annuitant Mortality Table for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 2.20 percent. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

The following presents the District's total pension liability calculated using the current discount rate, as well as what the total 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	Total Pension Liability
1% decrease (1.20%)	$ 16,236,576
Current discount rate (2.20%)	14,124,207
1% increase (3.20%)	12,404,169

Accumulation Program for Part-Time and Limited Services Employees (APPLE)

Plan Description

The Accumulation Program for Part-Time and Limited Service Employees (APPLE) is a defined contribution plan qualifying under Section 401(a) and 501 of the Internal Revenue Code. This plan covers part-time, seasonal, and temporary employees and those employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of the plan members and the District are established and may be amended by APPLE Administration Committee.

Funding Plan

Contributions of 3.75 percent of covered compensation of eligible employees are made by the employee. Total District contributions were made in the amount of $538,493 during the fiscal year. The total amount of covered compensation was $14,359,813. Total required contribution rate is 7.50 percent, 3.75 percent represents the District's contribution, and the remaining 3.75 percent is contributed by the employee.

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 $5,923,565 (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.

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

The District is a member of the Intelecom Intelligent Telecommunications (intelecom), Statewide Association of Community Colleges (SWACC) and Schools Alliance for Workers' Compensation Excess Group Purchase (SAWCX II) Joint Powers Authority JPAs. Intelecom provides for the design, development, and distribution of educational media materials. Intelecom is governed by a council comprised of a member of each of the participating Districts. The District pays SWACC and SAWCXII annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

The relationships between the District and the JPAs are such that no JPAs are a component unit of the District for financial reporting purposes.

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.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2021	$ 359,780
2022	128,192
2023	128,192
2024	128,192
2025	128,192
2026-2030	677,486
2031-2035	701,380
2036-2040	746,430
2041-2045	325,991
2046-2050	241,575
2051-2055	241,575
Total	$ 3,806,985

Rental expenditures for the year ended June 30, 2020, amounted to $1,335,915.

Note 16 - 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.

Required Supplementary Information
June 30, 2020

Pasadena Area Community College District

	2020	2019	2018
Total OPEB liability			
Service cost	$ 1,488,553	$ 1,670,370	$ 2,102,668
Interest	1,714,076	1,623,517	1,189,667
Differences between expected and actual experience	(1,028,194)	6,997	(46,340)
Changes of assumptions	(907,074)	-	(3,493,635)
Benefit payments	(1,259,116)	(1,557,337)	(1,373,478)
Net change in total OPEB liability	8,245	1,743,547	(1,621,118)
Total OPEB liability - beginning	31,775,971	30,032,424	31,653,542
Total OPEB liability - ending (a)	$ 31,784,216	$ 31,775,971	$ 30,032,424
Plan fiduciary net position			
Contributions - employer	$ 1,259,116	$ 3,557,337	$ 11,373,478
Net investment income	820,027	789,545	10,578
Benefit payments	(1,259,116)	(1,557,337)	(1,373,478)
Administrative expense	(28,401)	(23,131)	-
Net change in plan fiduciary net position	791,626	2,766,414	10,010,578
Plan fiduciary net position - beginning	12,776,992	10,010,578	-
Plan fiduciary net position - ending (b)	$ 13,568,618	$ 12,776,992	$ 10,010,578
District's net OPEB liability - ending (a) - (b)	$ 18,215,598	$ 18,998,979	$ 20,021,846
Plan fiduciary net position as a percentage of the total OPEB liability	42.69%	40.21%	33.33%
Covered-employee payroll	$ 80,769,736	$ 114,727,786	$ 111,386,200
District's net OPEB liability as a percentage of covered-employee payroll	22.55%	16.56%	17.98%
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.

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	6.18%	7.45%	0.11%

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

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.2036%	0.1970%	0.1954%
District's proportionate share of the net OPEB liability	$ 758,204	$ 754,150	$ 821,853
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.1151%	0.1098%	0.1079%	0.1049%	0.1220%	0.1160%
District's proportionate share of the net pension liability	$ 103,947,383	$ 100,885,824	$ 99,788,463	$ 84,925,050	$ 82,135,280	$ 67,786,920
State's proportionate share of the net pension liability associated with the District	56,710,237	57,761,852	59,034,012	48,353,434	43,440,392	40,933,080
Total	$ 160,657,620	$ 158,647,676	$ 158,822,475	$ 133,278,484	$ 125,575,672	$ 108,720,000
District's covered payroll	$ 63,056,499	$ 65,140,457	$ 59,175,731	$ 54,376,431	$ 54,725,507	$ 51,472,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	164.85%	154.87%	168.63%	156.18%	150.09%	131.70%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Schools Risk Pool						
District's proportion of the net pension liability	0.2197%	0.2111%	0.2127%	0.2259%	0.2295%	0.2236%
District's proportionate share of the net pension liability	$ 64,034,102	$ 56,272,597	$ 50,775,459	$ 44,615,390	$ 33,828,527	$ 25,384,044
District's covered payroll	$ 30,517,916	$ 28,013,611	$ 27,273,488	$ 27,621,423	$ 23,320,559	$ 23,477,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.82%	200.88%	186.17%	161.52%	145.06%	108.12%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CalPERS - Miscellaneous Pool Plan (Bookstore)	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0316%	0.0312%	0.0296%	0.0301%	0.0306%	0.0310%
District's proportionate share of the net pension liability	$ 1,356,900	$ 1,174,023	$ 1,188,974	$ 844,426	$ 642,798	$ 613,542
District's covered payroll	N/A⁺	$ 560,725	$ 692,875	$ 445,964	$ 402,360	$ 396,471
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A⁺	209.38%	171.60%	189.35%	159.76%	154.75%
Plan fiduciary net position as a percentage of the total pension liability	75%	78%	75%	74%	79%	83%
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.

⁺ As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions made to fund the Plan's unfunded liability balance.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 10,897,459	$ 10,265,598	$ 9,399,768	$ 7,444,307	$ 5,834,591	$ 4,859,625
Contributions in relation to the contractually required contribution	10,897,459	10,265,598	9,399,768	7,444,307	5,834,591	4,859,625
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 63,727,830	$ 63,056,499	$ 65,140,457	$ 59,175,731	$ 54,376,431	$ 54,725,507
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Risk Pool						
Contractually required contribution	$ 6,617,767	$ 5,512,146	$ 4,350,794	$ 3,787,742	$ 3,272,310	$ 2,745,063
Contributions in relation to the contractually required contribution	6,617,767	5,512,146	4,350,794	3,787,742	3,272,310	2,745,063
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 33,556,955	$ 30,517,916	$ 28,013,611	$ 27,273,488	$ 27,621,423	$ 23,320,559
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

CalPERS - Miscellaneous Pool Plan (Bookstore)	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 76,320	$ 59,772	$ 53,824	$ 66,225	$ 41,711	$ 49,611
Contributions in relation to the contractually required contribution	76,320	59,772	53,824	66,225	41,711	49,611
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	N/A[1]	N/A[1]	$ 560,725	$ 692,875	$ 445,964	$ 402,360
Contributions as a percentage of covered payroll	N/A[1]	N/A[1]	9.599%	9.558%	9.353%	12.330%

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

[1] As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions made to fund the Plan's unfunded liability balance.

	2020	2019	2018
Total Pension Liability			
Service cost	$ 326,443	$ 252,560	$ 264,759
Interest	309,638	437,376	415,403
Differences between expected and actual experiences	216,306	42,980	8,617
Changes of assumptions	2,172,292	528,828	(407,100)
Benefit payments	(632,004)	(642,240)	(588,960)
Net change in total pension liability	2,392,675	619,504	(307,281)
Total pension liability - beginning	11,731,532	11,112,028	11,419,309
Total pension liability - ending	$ 14,124,207	$ 11,731,532	$ 11,112,028
Covered payroll	$ 80,769,736	$ 114,727,786	$ 111,386,200
District's total pension liability as a percentage of covered payroll	17.49%	10.23%	9.98%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

Note 1 - Purpose of Schedules

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

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

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

Changes in Assumptions – The ultimate healthcare trend rate assumption was changed from 5.0 percent to 4.5 percent 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 proportional 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 present information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both the CalSTRS and CalPERS plans.

Changes in 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 contributions, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Changes in the District's $1,440 Lifetime Benefit Plan Total Pension Liability and Related Ratios

This schedule present information on the District's changes in the $1,440 Lifetime Benefit total pension liability, including beginning and ending balances and related ratios. 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.

Changes in Assumptions – The plan discount rate was changed from 3.50 percent to 2.20 percent since the previous valuation date.

Supplementary Information
June 30, 2020

Pasadena Area Community College District

Pasadena Area Community College District (the District) was established in 1967, and is located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
James A. Osterling	President	March 2024
Berlinda Brown	Vice President	March 2022
Linda S. Wah	Clerk	March 2022
Sandra Chen Lau	Member	March 2022
Anthony R. Fellow, Ph.D.	Member	March 2022
John H. Martin	Member	March 2024
Tamara Silver	Member	March 2024

ADMINISTRATION

Erika Endrijonas, Ph.D.	Superintendent/President and Board of Trustees Secretary
Robert H Bell, Ed.D.	Assistant Superintendent/Senior Vice President, Non-Credit and Offsite Campuses
Terrence D. Giugni, Ph.D.	Assistant Superintendent/Vice President, Instruction
Michael Bush, Ed.D.	Assistant Superintendent/Vice President, Business and Administrative Services
Robert S. Blizinski	Assistant Superintendent/Vice President, Human Resources
Cynthia Olivo, Ph.D.	Assistant Superintendent/Vice President, Student Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Pasadena College Foundation, established 1979
Master Agreement revised 2017
Ms. Bobbi Abram, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
TRIO Cluster			
TRIO - Student Support Services	84.042A		$ 322,917
TRIO - Talent Search-Pasadena/Rosemead	84.044A		355,738
TRIO - Talent Search-El Monte	84.044A		353,265
TRIO - Upward Bound-Pasadena	84.047A		345,451
TRIO - Upward Bound-El Monte/Rosemead	84.047A		290,435
TRIO - Upward Bound Math and Science-Pasadena	84.047M		305,000
TRIO - Upward Bound Math and Science-El Monte	84.047M		276,324
Subtotal TRIO Cluster			2,249,130
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		868,610
Federal Direct Student Loans	84.268		1,154,640
Federal Work-Study Program	84.033		759,401
Federal Pell Grant Program	84.063		37,421,431
Federal Pell Grant Program - Administrative Allowance	84.063		50,805
Subtotal Student Financial Assistance Cluster			40,254,887
COVID-19: CARES Act Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F		701,341
COVID-19: CARES Act HEERF- Student Portion	84.425E		4,218,481
Subtotal			4,919,822
Childcare Means Parents In School (CCAMPIS)	84.335A		396,945
STEM GPS (Guided Pathway Solution)	84.031C		1,371,770
Higher Education - Institutional Aid	84.031S		158,578
Safe Pathway to Degree Completion for Hispanic and Other At-Risk Students	84.031S		669,730
Subtotal			2,200,078
Passed through Cal State L.A. University Auxiliary Services, Inc.			
STEM Education Consortium	84.116F	PCC231225	50,008
Passed through the California Community Colleges Chancellor's Office			
Career and Technical Education Act (Perkins Title I-Part C)	84.048A	19-C01-040	930,111
CTE Transitions	84.048A	19-C01-040	46,697
Subtotal			976,808
Passed through the California Department of Education			
Adult Basic Education & ELA	84.002A	14508	188,851
Adult Secondary Education (ASE)	84.002	13978	54,145
Subtotal			242,996
Total U.S. Department of Education			51,290,674

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Forest Reserve	10.665		$ 1,747
Passed through the California Department of Education			
Child and Adult Care Food Program	10.558	13666	23,449
Summer Food Math Science Upward Bound	10.559	13004	16,875
Total U.S. Department of Agriculture			42,071
Small Business Administration			
Passed through Long Beach Community College District			
Small Business Development	59.037	CN 99753.6, CN 99765.5	$ 236,771
COVID 19 Small Business Development	59.037	CN 99758.8	22,283
Total Small Business Administration			259,054
Research and Development Cluster			
National Science Foundation			
Early Career Undergraduate Research Experience (secure)	47.076		91,365
Passed through California State University, Northridge			
Nanotech Professional Development Partnership	47.076	6075-PCC-0630	9,998
Total National Science Foundation			101,363
National Institutes of Health			
Passed through California State University, Northridge			
Trans-NIH Research Support Common Fund: BUILD PODER	93.310	A15-0012-5018	18,716
Total Research and Development Cluster			120,079
U.S. Department of Health and Human Services			
Passed through the California Community Colleges Chancellor's Office			
Foster and Kinship Care Education Program (FKCE)	93.658	[1]	44,907
Passed through the California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	78,413
Passed through the County of Los Angeles, Department of Public Social Services			
Temporary Assistance for Needy Families (TANF)	93.558	CCCP18009	70,000
Subtotal			148,413
CCDF Cluster			
Passed through the California Department of Education			
Child Care and Development Block Grant	93.575	15136	18,455
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	40,148
Subtotal CCDF Cluster			58,603
Total U.S. Department of Health and Human Services			251,923
Total Expenditures of Federal Awards			$ 51,963,801

Program	Program Entitlements			Program Revenues				Program Expenditures
	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
AB 104 - AEBG	$ 1,908,812	$ -	$ 1,908,812	$ 1,908,812	$ -	$ -	$ 1,908,812	$ 1,908,812
AB 798 Textbook Affodability Program	-	22,550	22,550	22,550	-	15,810	6,740	6,740
AB798 Textbook Affordability Prgm-Implementation	-	41,650	41,650	41,650	-	34,434	7,216	7,216
Associate Degree Nursing	151,824	-	151,824	151,824	-	77,984	73,840	73,840
Biotechnology ISPIC Grant	-	11,127	11,127	11,127	-	11,127	-	-
Bridges to Stem Cell Research	560,726	-	560,726	1,450,004	-	1,095,731	354,273	354,273
Bridges to the Future	9,630	-	9,630	-	5,079	-	5,079	5,079
Cal Grant "B"	3,335,000	12,540	3,347,540	3,804,551	58,649	-	3,863,200	3,863,200
Cal Grant "C"	74,000	-	74,000	105,939	-	-	105,939	105,939
California College Promise	920,577	493,827	1,414,404	1,414,404	-	695,677	718,727	718,727
California College Promise Financial Aid Grant	1,000,000	-	1,000,000	1,000,000	-	73,713	926,287	926,287
Calworks	467,062	-	467,062	467,062	-	23,311	443,751	443,751
Campus Safety	-	25,428	25,428	25,428	-	6,778	18,650	18,650
Child and Adult Care Food Program	3,638	1,520	5,158	1,008	-	-	1,008	1,008
Child Development Consortium	18,200	80	18,280	18,280	-	852	17,428	17,428
Child Development: General (CCDF)	201,710	-	201,710	202,356	2,136	28,255	176,237	176,237
Child Development: State Preschool (CSPP)	213,215	-	213,215	199,439	817	45,189	155,067	155,067
Cooperative Agencies Foster Youth Education Support (CAFYES)	633,383	-	633,383	633,383	-	264,381	369,002	369,002
Cooperative Agencies Resources For Education (CARE)	119,161	-	119,161	119,161	-	-	119,161	119,161
CTE: Strong Workforce Program (SWP) Regional-Round 2-Year 1	62,000	646,871	708,871	563,809	-	-	563,809	563,809
CTE: Strong Workforce Program (SWP) Regional-Round 2-Year 2	13,308	815,874	829,182	182,608	-	-	182,608	182,608
CTE: Strong Workforce Program (SWP) Regional-Round 2-Year 3	682,192	-	682,192	-	-	-	-	-
CTE: Strong Workforce Program (SWP)-Local-Round 1	-	57,407	57,407	3,665,738	-	3,548,012	117,726	117,726
CTE: Strong Workforce Program (SWP)-Local-Round 2-Year 1	-	1,653,612	1,653,612	1,054,263	-	-	1,054,263	1,054,263
CTE: Strong Workforce Program (SWP)-Local-Round 2-Year 2	-	1,766,076	1,766,076	236,725	-	-	236,725	236,725
CTE: Strong Workforce Program (SWP)-Local-Round 2-Year 3	1,485,181	-	1,485,181	5,678	-	-	5,678	5,678
Disabled Students Program and Services (DSPS)	1,315,961	-	1,315,961	1,317,838	-	53,132	1,264,706	1,264,706
Extended Opportunity Program and Services (EOPS)	1,084,991	-	1,084,991	1,084,991	-	-	1,084,991	1,084,991
Financial Aid Technology	65,948	147,293	213,241	213,241	-	121,081	92,160	92,160
Foster Care Education Program	68,641	-	68,641	68,641	-	-	68,641	68,641
Gig Economy Project	-	5,790	5,790	5,790	-	2,351	3,439	3,439
GO_Biz - CIP	50,000	36,207	86,207	36,207	34,843	-	71,050	71,050

Program	Program Entitlements: Current Year	Program Entitlements: Prior Year	Program Entitlements: Total Entitlement	Program Revenues: Cash Received	Program Revenues: Accounts Receivable	Program Revenues: Unearned Revenue	Program Revenues: Total Revenue	Program Expenditures
GO_Biz - TAEP	$ 50,000	$ 111,854	$ 161,854	$ 29,398	$ 94,557	$ -	$ 123,955	$ 123,955
Guided Pathways	576,199	1,088,352	1,664,551	1,664,551	-	1,123,203	541,348	541,348
Hunger Free Campus	87,895	180,212	268,107	268,107	-	186,775	81,332	81,332
Incarcerated Students Reentry Program	113,636	-	113,636	45,455	-	9,944	35,511	35,511
Instructional Equipment	290,612	329,055	619,667	619,667	-	233,554	386,113	386,113
Mental Health Services	-	135,356	135,356	135,356	-	-	135,356	135,356
MESA	74,515	-	74,515	-	54,858	-	54,858	54,858
Nasdaq	2,500	-	2,500	-	2,500	-	2,500	2,500
Professional Development	-	71,368	71,368	71,368	-	70,912	456	456
Promise Scholars Program	-	100,000	100,000	100,000	-	98,527	1,473	1,473
SFAA Augmentation	620,490	-	620,490	627,618	-	-	627,618	627,618
Staff Diversity - AB1725	50,000	14,802	64,802	64,802	-	42,496	22,306	22,306
Student Equity and Achievement	7,613,299	1,732,301	9,345,600	9,345,600	-	1,290,330	8,055,270	8,055,270
Student Financial Aid Administration	250,042	-	250,042	252,914	-	-	252,914	252,914
Student Success Completion Grant	3,815,841	-	3,815,841	3,841,262	-	649	3,840,613	3,840,613
Veteran's Center	97,214	33,596	130,810	130,811	-	47,206	83,605	83,605
Veteran's Resource Center Grant Program	200,000	-	200,000	80,000	-	35,098	44,902	44,902
	$ 28,287,403	$ 9,534,748	$ 37,822,151	$ 37,289,416	$ 253,439	$ 9,236,512	$ 28,306,343	$ 28,306,343

Categories	Annual Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	114.52	-	114.52
2. Credit	1,555.61	-	1,555.61
			-
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	-	-	-
2. Credit	1,541.61	-	1,541.61
			-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			-
(a) Weekly Census Contact Hours	14,565.05	-	14,565.05
(b) Daily Census Contact Hours	1,860.19	-	1,860.19
			-
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	674.70	-	674.70
(b) Credit	444.90	-	444.90
			-
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,689.68	-	1,689.68
(b) Daily Census Procedure Courses	1,494.04	-	1,494.04
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	23,940.30	-	23,940.30

SUPPLEMENTAL INFORMATION (Subset of Above Information)

	Annual Reported Data	Audit Adjustments	Audited Data
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	662.80	-	662.80
2. Credit	191.68	-	191.68
CCFS-320 Addendum			
CDCP Noncredit FTES	665.88	-	665.88
Centers FTES			
1. Noncredit*	623.95	-	623.95
2. Credit	625.18	-	625.18

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 36,218,545	$ -	$ 36,218,545	$ 36,495,550	$ -	$ 36,495,550
Other	1300	28,782,893	-	28,782,893	28,782,893	-	28,782,893
Total Instructional Salaries		65,001,438	-	65,001,438	65,278,443	-	65,278,443
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	11,427,859	-	11,427,859
Other	1400	-	-	-	638,583	-	638,583
Total Noninstructional Salaries		-	-	-	12,066,442	-	12,066,442
Total Academic Salaries		65,001,438	-	65,001,438	77,344,885	-	77,344,885
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	25,035,652	-	25,035,652
Other	2300	-	-	-	1,749,057	-	1,749,057
Total Noninstructional Salaries		-	-	-	26,784,709	-	26,784,709
Instructional Aides							
Regular Status	2200	-	-	-	-	-	-
Other	2400	148,505	-	148,505	148,505	-	148,505
Total Instructional Aides		148,505	-	148,505	148,505	-	148,505
Total Classified Salaries		148,505	-	148,505	26,933,214	-	26,933,214
Employee Benefits	3000	18,223,926	-	18,223,926	44,917,969	-	44,917,969
Supplies and Material	4000	-	-	-	883,571	-	883,571
Other Operating Expenses	5000	57,433	-	57,433	12,843,441	-	12,843,441
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		83,431,302	-	83,431,302	162,923,080	-	162,923,080

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 514,663	$ -	$ 514,663
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	92,284	-	92,284
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	18,824	-	18,824
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,146,568	-	1,146,568
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 3,784,300	$ -	$ 3,784,300
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	5,556,639	-	5,556,639
Total for ECS 84362, 50 Percent Law		$ 83,431,302	$ -	$ 83,431,302	$ 157,366,441	$ -	$ 157,366,441
Percent of CEE (Instructional Salary Cost/Total CEE)		53.02%		53.02%	100.00%		100.00%
50% of Current Expense of Education					$ 78,683,220		$ 78,683,220

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.

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 12,365,574
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 12,365,574	$ -	$ -	$ 12,365,574
Total Expenditures for EPA		$ 12,365,574	$ -	$ -	$ 12,365,574
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the statement of net position are different because:		
Total Fund Balance:		
General Funds	$ 33,690,204	
Special Revenue Funds	361,638	
Capital Project Funds	22,131,114	
Debt Service Funds	6,495,080	
Enterprise Funds	1,602,279	
Internal Service Funds	16,043,279	
Student Financial Aid Fund	577,248	
Total fund balance - all governmental funds		$ 80,900,842
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	348,505,804	
Accumulated depreciation is	(159,257,937)	
Total capital assets		189,247,867
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.		(1,136,019)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charges on refunding	2,274,512	
Aggregate net other postemployment benefits liability	5,344	
Aggregate net pension liability	50,180,696	
Total deferred outflows of resources		52,460,552

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net other postemployment benefits liability	$ (4,231,322)	
Aggregate net pension liability	(13,900,740)	
Total deferred inflows of resources		(18,132,062)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(183,462,592)
Aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(18,973,802)
Long-term liabilities at year end consist of:		
Bonds payable, net of premium	(76,207,818)	
Compensated absences (vacations) and load banking	(4,624,468)	
Total long-term liabilities		(80,832,286)
Total net position		$ 20,072,500

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2020.

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 or changes in net position 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.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Build America Bonds funds that have been recorded in the current period as revenues that have not been included in the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position:		$ 52,512,491
Build America Bonds	N/A	(548,690)
Total Expenditures of Federal Awards		$ 51,963,801

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

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

ECS 84362 requires the District to expend a minimum of 50 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 internal fund 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 Government 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 entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2020

Pasadena Area 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
Pasadena Area Community College District
Pasadena, California

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

Eide Bailly LLP

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
Pasadena Area Community College District
Pasadena, California

Report on Compliance for Each Major Federal Program
We have audited Pasadena Area 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.

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Pasadena Area Community College District
Pasadena, California

Report on State Compliance
We have audited Pasadena Area 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 the 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.

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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 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.

The District reports no attendance for classes with To Be Arranged Hours (TBA); therefore, the compliance tests within this section were not applicable.

The District did not receive any funding through Proposition 1D and 51 State Bond Funded Projects; 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 *2019-2020* California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
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 programs:

Name of Federal Program or Cluster	CFDA
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
TRIO Cluster	84.042A, 84.044A, 84.047A, 84.047M
COVID-19: CARES Act Higher Education Emergency Relief Funds (HEERF) - Institutional Portion; COVID 19: CARES ACT HEERF- Student Portion	84.425E, 84.425F

Dollar threshold used to distinguish between type A and type B programs:	$1,558,914
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

None reported.

None reported.

None reported.

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