FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SANTA CLARA COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Foothill-De Anza Community College District
Los Altos Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Foothill-De Anza Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's 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 misstatement, whether due to fraud or error.

Auditors' 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. The financial statements of Foothill-De Anza Community Colleges Foundation (the discretely presented component unit) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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 that 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 discretely presented component unit, of the Foothill-De Anza Community College District as of June 30, 2021, 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.

Emphasis-of-Matter

Regarding a Change in Accounting Principle

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (see Note 20). Our auditor's opinion is not modified with respect to this matter.

Regarding a Change in Estimate

The District changed accounting policies related to the depreciation of capitalized interest. As a result of the implementation of change in estimate, the District reported a restatement for the change in estimate (see Note 20). Our auditor's opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 supplementary information, as referenced in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary section, including the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the financial statements as a whole.

The history and organization schedule has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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 and 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 2, 2021

INTRODUCTION TO THE FINANCIAL STATEMENTS

The Foothill-De Anza Community College District (the District) continues to present its financial statements in the Business-Type Activities reporting format required by statements released by the Government Accounting Standards Board (GASB) in 1999. The format prescribed by GASB focuses on the District as a whole rather than on individual funds.

The following management's discussion and analysis provides an overview of the financial position and activities of the Foothill-De Anza Community College District's Financial Report for the year ended June 30, 2021. The previous year's financial statements that provide information on the District as a whole:

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

Each of these statements will be reviewed and significant events discussed.

STATEMENT OF NET POSITION

The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. A summarized Statement of Net Position is presented on the following page.

STATEMENT OF NET POSITION (CONTINUED)

Net position in thousands as of June 30:

	2021	2020*	Net Change
ASSETS			
Current Assets	$ 127,747	$ 148,224	$ (20,478)
Noncurrent Assets	721,652	700,342	21,310
Total Assets	849,398	848,567	832
DEFERRED OUTFLOWS OF RESOURCES	96,510	90,983	5,527
LIABILITIES			
Current Liabilities	120,327	109,769	10,558
Noncurrent Liabilities	1,195,390	1,130,531	64,859
Total Liabilities	1,315,717	1,240,300	75,417
DEFERRED INFLOWS OF RESOURCES	28,955	34,066	(5,111)
NET POSITION			
Net Investment in Capital Assets	(203,413)	(104,670)	(98,743)
Restricted	100,770	43,018	57,752
Unrestricted	(296,121)	(273,164)	(22,957)
Total Net Position	$ (398,763)	$ (334,816)	$ (63,947)

*Prior year amounts have been restated for adoption of GASB Statement No. 84. See note 20. Certain amounts have been reclassed to conform to current year reporting.

Assets

Total assets overall changed over last year by a net increase of $832 thousand as a result of a net $20.5 million decrease in current assets combined with a net $21.3 million decrease of noncurrent assets. The major changes affecting total assets are listed below:

- The net $20.5 million decrease in current assets is mainly due to a decrease in cash with other categories remaining stable.
    - Approximately $11 million in decrease of cash is linked with the state's budget savings measure that implemented cash deferrals during the fiscal year, $8.8 million related to a decrease in cash from statewide California Virtual Campus Online Educational Initiative (CVC-OEI) Grant, with the remaining variance related to overall lower cash levels.

- Noncurrent assets increased by a net $21.3 million which is attributable to a $110.8 million increase in restricted cash from the sale of Series A and B in the Measure G Bond Program and offset by an $89.4 million decrease in capital assets made up of routine depreciation and asset retirement/transfers of $43.5 million from slowing capital activity and the $45.9 million restatement associated with capital assets for a retrospective change in useful life for capitalized interest.

Liabilities

Total liabilities increased by approximately net $75.4 million over prior year; a change of 6%. The major changes affecting total liabilities are listed below:

- Current liabilities increased by a net $10.6 million due to a $32.8 million increase in the current portion of long-term liabilities which was mostly comprised of the new Series A & B bonds issued under the Measure G Bond Program, an increase of $5.2 million in accrued liabilities due to recognizing another year's worth of employee classification and compensation study costs which were offset by a decreases of $12.6 million unearned revenue from activity in the restricted grant and categorical fund's CVC-OEI program, $12 million decrease of vendor accounts payable, and $2.3 million of lower accrued interest from reduced vendor activity and cash levels.

- Noncurrent liabilities experienced a $64.9 million increase with the major variance components related to a $2.3 million decrease in OPEB liability, $79.7 million increase in bonds payable, $23.4 million for the defeasement of certificates of participation, and $10.0 million decrease in net pension liability.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. Refer to Note 8 for the District's deferred outflows and inflows of resources related to pensions.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to receivables and expenses pertaining to earned, but unused, compensated balances.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

Revenues, expenses, and changes in net position in thousands as of June 30:

	2021	2020*	$ Change	% Change
OPERATING REVENUES				
Net Tuition and Fees	$ 46,803	$ 58,303	$ (11,499)	(19.7)%
Grants and Contracts, Noncapital	82,080	79,969	2,112	2.6
Auxiliary Sales, Net	443	1,874	(1,431)	(76.3)
Other	2,470	4,150	(1,681)	(40.5)
Total Operating Revenues	131,797	144,296	(12,499)	(8.7)
OPERATING EXPENSES				
Salaries	148,245	148,542	(297)	(0.2)
Benefits	62,746	68,110	(5,365)	(7.9)
Supplies, Materials, and Other Operating Expenses	67,115	71,927	(4,812)	(6.7)
Financial Aid	34,334	30,295	4,039	13.3
Utilities	2,930	3,371	(441)	(13.1)
Depreciation	49,592	44,136	5,456	12.4
Total Operating Expenses	364,961	366,381	(1,419)	(0.4)
OPERATING LOSS	(233,164)	(222,085)	(11,080)	5.0
NONOPERATING REVENUES AND EXPENSES				
State Apportionments, Noncapital	25,765	14,204	11,560	81.4
Federal Grants and Contracts	27,463	22,112	5,351	24.2
Local Property Taxes	116,498	124,882	(8,384)	(6.7)
State Taxes and Other Revenues	7,367	6,615	752	11.4
Interest and Investment Income	1,355	2,857	(1,502)	(52.6)
Transfer to OPEB Trust	(1,500)	(1,500)	-	-
Other Nonoperating Revenue	1,268	1,368	(100)	(7.3)
Total Nonoperating Revenues	178,215	170,537	7,678	4.5
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(54,949)	(51,547)	(3,402)	6.6
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	36,926	5,831	31,095	533.2
CHANGE IN NET POSITION	$ (18,023)	$ (45,716)	$ 27,693	-60.6%

*Prior year amounts have been restated for adoption of GASB Statement No. 84. See note 20. Certain amounts have been reclassed to conform to current year reporting.

Operating Revenues

Total Operating Revenues decreased over last year by a net $12.5 million or 8.7% mainly due to the continued decline in enrollment and service based activity as a result of the COVID-19 pandemic. Nonresident enrollment experienced a $5.5 million loss with resident enrollment fees declining $1 million. Other student fees, bad debts, parking fee losses totaled $5 million. Other operating revenue losses were $1.7 million, auxiliary enterprise operations, bookstore and dining services, declined $1.4 million. These losses were offset by a $2.1 million increase in grants and contracts activity which correlated to recognized revenue.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

Operating Expenses

Total Operating Expenses remained relatively unchanged year-over-year overall with a slight .4% decrease, approximately net $1.4 million. Items of significance affecting the net changes include:

- Salaries did not experience a marked variance, however there was a net $5.4 million decrease in benefits. Other Post-Employment Benefits (OPEB) expense decreased by $3.5 million with the remaining change related to net pension expense adjustments related to STRS/PERS.
- The $4.8 million decrease in supplies, materials, other operating expense, and lower utilities was due to reduced discretionary spending and operational activity linked with the pandemic and less staffing onsite presence that did not require the usual level of support costs.
- Financial Aid's increase expense of $4 million was largely due to higher student aid distribution million in COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants.
- The depreciation expense increase of $5.5 million was associated with a change in accounting estimate for certain asset useful lives.

Nonoperating Revenues

Nonoperating Revenues increased by $7.7 million over prior year or 4.5% due to the net effect of the following:

- The state apportionment $11.7 million increase is mainly due to the state funding model calculated shift to achieve the district's entitled total state revenue under the student center funding formula. A decline in local sources requires state apportionment to correspondingly increase to compensate for the decline in local resident enrollment fees that were previously noted under operating revenues. Reported property taxes were $8.4 million lower so together these two local sources comprised $9.4 million of the state apportionment increase with the remaining attributable to an increase in apprenticeship apportionment and prior year apportionment adjustments.
- The $1.5 million decline in investment income is a result of lower interest rates and unrestricted general fund cash levels.
- Federal grants and contracts increases of $5.4 million are tied to the influx of non-student or instructional related COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants.

Other Revenues

The significant increase of $31.1 million in Other Revenues and Expenses is predominately connected with $33.2 million in higher county property tax revenue collections for current and advanced debt service obligations for recently issued bonds that is slightly offset with lower capital revenues in other areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had approximately $1.2 billion invested in capital assets. These assets had an accumulated depreciation of $667.5 million leaving the net capital asset value at $541.8 million which consists of land, construction in progress, buildings and improvements, vehicles, data processing equipment, and other office equipment. In fiscal year 2021, there was a re-evaluation of useful asset lives that were associated with prior capitalized interest. The review caused a change in accounting estimate that resulted in a prior period restatement, higher current year depreciation expense, and higher accumulated depreciation. Only $1.7 million is remaining in assets not being depreciated or work-in-progress. Depreciation expense of $49.6 million was recorded for fiscal year 2020-2021.

Note 4 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized herein.

Capital assets in thousands as of June 30:

	2021	2020*	Net Change
Land and Construction in Progress	$ 4,256	$ 23,097	$ (18,841)
Buildings and Equipment	1,205,119	1,181,022	24,097
Accumulated Depreciation	(667,536)	(618,763)	(48,773)
Total Capital Assets	$ 541,839	$ 585,355	$ (43,516)

*Prior year amounts have been restated for change in accounting estimates. See note 20.

Debt

At June 30, 2021, the District had $1.3 billion in debt with a net increase of $97.2 million over prior year. The leading change is a $88.8 million increase from the issuance of Measure G Bond Program Series A & B bonds and a $10.0 million increase in STRS and PERS net pension liability, $1.3 million increase in claims liability from actuarial estimates, and nearly $1.0 million increase in compensated absences. The decreases include $2.3 million of OPEB liability, $1.0 million decrease for supplemental retirement incentive obligation and $573 thousand for capital lease completion. Notes 8 through 14 provide additional information on long-term liabilities. A comparison is summarized herein.

Debt in thousands as of June 30:

	2021	2020	Net Change
Compensated Absences	$ 7,157	$ 6,203	$ 954
Capital Leases	-	573	(573)
Claims Liability	4,174	2,865	1,309
Supplemental Employee Retirement Plan	3,652	4,682	(1,030)
Bonds and Notes Payable	923,177	834,421	88,756
OPEB Liability	76,315	78,645	(2,330)
Medicare Premium Program	780	722	58
Net Pension Liability	235,878	225,860	10,018
Total Long-Term Liabilities	$ 1,251,133	$ 1,153,971	$ 97,162

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

The 2021-22 Adopted Budget of the Foothill-De Anza Community College District reflects the continued positive economic conditions being experienced by California at the state level. However, as evidenced by the state leadership's conservative trend of allocating one-time versus ongoing money, there is concern that economic challenges are still waiting on the horizon and that all entities should be preparing for this eventuality. Foothill-De Anza is also using this outlook in its ongoing planning as it prepares to either move fully to either Student Centered Funding Formula (SCFF) status in the 2024-25 year or community supported status. Regardless of the funding source, there is a district-wide commitment to provide those support services and professional development skill enhancements that will allow people to recover from the effects of the pandemic as well as continue to meet their existing educational and career goals.

Enrollment continues to be a concern, as after a slight increase in the 2020-21 full-time equivalent student (FTES) levels, the District is now mirroring the situation of many community colleges across the state, as well as nationally, and experiencing a significant decline in its FTES for both resident and non-resident students. Resident enrollment is a factor in both SCFF and community supported funding, so it is an issue the district is closely monitoring and attempting to mitigate by providing services and instructional programs that more clearly meet students' needs and goals. Early trend analysis of non-resident funding is showing a dramatic +30% decline in revenue as compared to the prior year at the same point in time. As a result, the District has lowered its revenue estimates for 2021-22 to $16.8 million, $4 million less than the already dramatically decreased total from 2020-21, and anticipates it may need to continue to adjust the total as the year progresses.

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET (CONTINUED)

Due to continued property tax base growth, the District appeared to be drawing closer to community supported or basic aid status, a circumstance where its property tax and enrollment revenue would be greater than its total computation revenue (TCR) calculated by the state. There are several factors that have an impact on the likelihood of the District moving to community supported status:

- Amount of enrollment fees collected; and
- Property tax revenue growth; and
- Educational Revenue Augmentation Fund (ERAF) negative adjustments.

ERAF is basically a financial construct that allows the state to direct counties to borrow money from property tax revenues, which it then backfills with other funding. Unfortunately, this backfill is deducted from a district's property tax revenue total, thereby affecting any community supported calculations.

In June 2021, with the FTES increase experienced in 2020-21 and the strong real estate market, it seemed as if ERAF would be the only factor prohibiting the District from moving forward to community supported status. However, with lowered enrollment expectations, an early estimate of 2.49% growth from Santa Clara County, and an anticipated negative $27 million ERAF adjustment, the likelihood of the District moving to community supported status is fading. In fact, if the negative ERAF adjustment continues to be as high as it has been in the last two years, the District needs to closely evaluate where it will stand in funding as it may move to SCFF status in 2024-25 and experience the "SCFF cliff" reduction in ongoing revenue.

Given the circumstances detailed above, management and staff are evaluating various options to ensure that the District continues to maintain its stable financial status:

- Booking any revenue related non-resident enrollment increases as one-time revenue.
- Continuing to limit the District's reliance on non-resident revenue, a source that has decreased over 30% in the last two fiscal years.
- Carefully evaluating ongoing expenses against the increase in ongoing revenues.
- Monitoring the various factors affecting both SCFF and community supported funding to ensure that we are positioned as well as possible to take advantage of the funding opportunities of both.
- Communicating with our students to determine what they need to be successful. One example is the Guided Pathways program for helping students reach their educational goals more quickly.

Pandemic-related impacts continue to be experienced at the District, both financially and functionally. In particular, financial effects have been felt in the self-sustaining and enterprise functions of the district, and backfill from federal funding is being evaluated. On the other side of the spectrum is the concern to use the pandemic-oriented funding as effectively as possible while still meeting the very tight spending criteria and deadlines. As the nation continues to move out of the pandemic to its "new normal", the District will continue to review its various functions to ensure that is it providing a low-risk and supportive environment for its students and employees.

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET (CONTINUED)

The District's Stability Fund balance is intended to offset any actual shortfalls at the end of the year and has done so for many of the last few fiscal years. The Stability Fund balance at September 30, 2021 was projected to be approximately $9.1 million. In spite of its funding status, either SCFF or community supported, it is critical that the District continues to prioritize keeping a healthy stability fund to weather any economic downturns or other challenges. As shown by the volatility in nonresident revenue as well as resident FTES, having a stability fund to balance out unexpected shortfalls is critical in keeping the finances of the District stable and allowing for the continued support of our students as we adjust to the changes.

In these unprecedented times, the District continues to adapt and re-envision how best to meet the needs of our student populations. As a result of the potential of community supported status as well as pandemic related changes, several meetings will be scheduled throughout academic year 2021-22 to solicit input from the various district constituency groups to envision a potential new process to provide educational opportunities for our students. Being flexible and adaptable to change will be key in the District's ability to not only reach a stable fiscal state but also continue to provide the high-level instructional and support services expected by our students, staff, faculty and community.

The District continues to be committed to addressing long-term liabilities, specifically Other Postemployment Benefits (OPEB). Consistent with prior years, the adopted budget for fiscal year 2020-21 planned for a $1.5 million contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust to fund the OPEB liability. During the 2020-21 fiscal year, an updated roll-forward actuarial study was prepared under the GASB 74/75 accounting standard to revise the liability. The report, dated April 16, 2021, with a valuation date of June 30, 2019, and measurement date of June 30, 2020, calculated the District's Total OPEB Liability at $101,218,806. Per CalPERS, the market value of the asset funds held with the CERBT as of June 30, 2021 was $33,499,788.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Foothill-De Anza Community College, Susan Cheu, Vice Chancellor of Business Services.

Separately issued financial statements for the Foothill-De Anza Community College Foundation Component unit may be obtained by contacting Robin Latta and 12345 El Monte Road, Los Altos Hills, CA 94022

FINANCIAL STATEMENTS

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 91,593,813	$ 1,979,549
Accounts Receivable, Net	29,462,809	936,375
Inventory	1,197,461	-
Prepaid Expenses	4,683,452	-
Due from Fiduciary Funds	-	-
Due from Foundations	808,988	-
Total Current Assets	127,746,523	2,915,924
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	179,812,901	-
Investments	-	55,676,632
Capital Assets, Not Being Depreciated	4,255,805	-
Capital Assets, Net of Accumulated Depreciation	537,583,100	-
Total Noncurrent Assets	721,651,806	55,676,632
Total Assets	849,398,329	58,592,556
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	36,526,406	-
Deferred Outflows - Pensions	50,398,617	-
Deferred Outflows - OPEB	9,584,614	-
Total Deferred Outflows of Resources	96,509,637	-
Total Assets and Deferred Outflows of Resources	$ 945,907,966	$ 58,592,556

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government	Component Unit
CURRENT LIABILITIES		
Accounts Payable	$ 12,181,915	$ 848,849
Accrued Liabilities	12,733,839	-
Accrued Interest	10,717,558	-
Unearned Revenue	28,949,745	-
Current Portion of Long-Term Liabilities	55,743,505	-
Total Current Liabilities	120,326,562	848,849
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Liabilities	1,195,389,982	-
Total Noncurrent Liabilities	1,195,389,982	-
Total Liabilities	1,315,716,544	848,849
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	23,846,003	-
Deferred Inflows - OPEB	5,108,904	-
Total Deferred Inflows of Resources	28,954,907	-
NET POSITION		
Net Investment in Capital Assets	(203,413,122)	-
Restricted for:		
Debt Service	66,833,274	-
Scholarship and Loans	15,026	-
Other Special Purposes	33,921,953	-
Donor Restricted	-	43,326,731
Unrestricted	(296,120,616)	14,416,976
Total Net Position	(398,763,485)	57,743,707
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 945,907,966	$ 58,592,556

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2021

	Primary Government	Component Unit
OPERATING REVENUES		
Tuition and Fees (Gross)	$ 57,491,563	$ -
Less: Scholarship Discounts and Allowances	(10,688,079)	-
Net Tuition and Fees	46,803,484	-
Grants and Contracts, Noncapital		
Federal	2,063,333	-
State	80,015,977	-
Local	1,021	5,358,788
Auxiliary Sales, Net	443,457	-
Other	2,469,832	-
Total Operating Revenues	131,797,104	5,358,788
OPERATING EXPENSES		
Salaries	148,244,671	1,859,097
Employee Benefits	62,745,542	672,899
Supplies, Materials, and Other Operating Expenses and Services	67,114,822	948,483
Financial Aid and Scholarships	34,334,036	1,108,330
Utilities	2,930,048	-
Depreciation	49,592,242	-
Total Operating Expenses	364,961,361	4,588,809
OPERATING INCOME (LOSS)	(233,164,257)	769,979
NONOPERATING REVENUES (EXPENSES)		
State Apportionments, Noncapital	25,764,553	-
Federal Grants and Contracts	27,463,032	-
Local Property Taxes	116,497,784	-
State Taxes and Other Revenues	7,366,914	-
Interest and Investment Income	1,354,917	12,856,360
Transfer Out to OPEB Trust	(1,500,000)	-
Other Nonoperating Revenue	1,267,970	-
Total Nonoperating Revenues	178,215,170	12,856,360
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(54,949,087)	13,626,339
OTHER REVENUES, EXPENSES, GAINS, AND LOSSES		
State Apportionments, Capital	503,721	-
Local Property Taxes and Revenues, Capital	73,401,100	-
Interest and Investment Income, Capital	305,966	-
Interest Expense and Cost of Issuing Capital Asset-Related Debt	(39,142,110)	-
Local Revenue, Grants and Gifts, Capital	1,857,495	-
Total Other Revenues, Expenses, Gains and Losses	36,926,172	-
CHANGES IN NET POSITION	(18,022,915)	13,626,339
Net Position - Beginning of Year as Previously Reported	(336,592,433)	44,117,368
Cumulative Effect of Change in Accounting Principles (See Note 20)	1,777,042	-
Prior Period Restatement for Change in Accounting Estimate (See Note 20)	(45,925,179)	-
Net Position, Beginning of Year After Cumulative Effect	(380,740,570)	-
NET POSITION - END OF YEAR	$ (398,763,485)	$ 57,743,707

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2021

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 47,389,130	$ -
Federal Grants and Contracts	2,088,590	-
State Grants and Contracts	67,025,626	-
Local Grants and Contracts	1,858,685	4,813,065
Sales	496,376	-
Payments to Suppliers	(80,740,041)	(582,318)
Payments to/on Behalf of Employees	(201,380,682)	(2,453,426)
Payments to/on Behalf of Students	(34,334,036)	(1,334,345)
Net Cash Provided (Used) by Operating Activities	(197,596,352)	442,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Apportionments and Receipts	23,630,959	-
Property Taxes	117,015,473	-
Grants and Gifts for Other Than Capital Purposes	36,029,273	-
Local, Nonoperating	(232,030)	-
Net Cash Provided by Noncapital Financing Activities	176,443,675	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Apportionment for Capital Purposes	503,721	-
Net Purchases of Capital Assets	(6,826,478)	-
Local Revenue for Capital Purposes	75,258,595	-
Interest on investments, capital funds	247,492	-
Proceeds from Capital Debt	275,367,280	-
Principal Paid on Capital Debt	(17,871,067)	-
Interest Paid on Capital Debt	(42,841,711)	-
Refunded Debt Paid to Escrow	(174,010,000)	-
Net Cash Provided by Capital and Related Financing Activities	109,827,832	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,645,883	712,950
Purchase of Investments	-	(2,499,665)
Proceeds from Sale of Investments	-	1,433,530
Net Cash Provided (Used) by Investing Activities	1,645,883	(353,185)
NET CHANGE IN CASH AND CASH EQUIVALENTS	90,321,038	89,791
Cash Balance - Beginning of Year	181,085,676	1,889,758
CASH BALANCE - END OF YEAR	$ 271,406,714	$ 1,979,549
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 91,593,813	
Restricted Cash and Cash Equivalents	179,812,901	
Total Cash	$ 271,406,714	

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021

	Primary Government	Component Unit
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (Loss)	$ (233,164,257)	$ 769,979
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	49,592,242	-
Changes in Assets and Liabilities:		
Receivables, Net	1,568,882	(360,374)
Inventory	286,563	-
Prepaid Expenses	(252,128)	-
Due from Fiduciary Funds and Foundations	1,938	-
Deferred Outflows of Resources - Pensions and OPEB	(485,314)	-
Accounts Payable	(11,242,857)	(45,199)
Accrued Liabilities	5,196,300	78,570
Unearned Revenue	(13,996,266)	-
Compensated Absences	954,248	-
Claims Liability	1,309,812	-
Supplemental Early Retirement Incentive	(1,030,095)	-
Medical Premium Program	1,087,409	-
Net OPEB Liability	(2,330,206)	-
Deferred Inflows of Resources - Pensions	(5,111,132)	-
Net Pension Liability	10,018,509	-
Net Cash Provided (Used) by Operating Activities	$ (197,596,352)	$ 442,976

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Foothill-De Anza Community College District (the District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the board of trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

The Foothill-De Anza Community Colleges Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The twenty member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below. The Foundation is a nonprofit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 12345 El Monte Road, Los Altos Hills, California 94022.

The Foothill-De Anza Community College District Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The board of trustees of the Corporation and the District are the same. The financial activity has been "blended" or consolidated within the financial statements of the District as if the activity was the District's. Certificates of participation issued by the Corporation are included as long-term liabilities of the District; individual financial statements are not prepared.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Fiduciary activities are included from the entity-wide statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expense are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*. The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with U.S. GAAP. These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

Investments

Investments are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Accounts Receivables

Accounts receivable consists primarily of amounts due from the Federal government, state and local governments, students or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable instructional, merchandise held for resale by the enterprise operations, custodial, health and other supplies held for consumption.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent cash and cash equivalents required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance or to purchase capital assets

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Buildings valued at $150,000 or more as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

Prior to June 30, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively.

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	50 Years
Building Improvements	10 Years
Land Improvements	10 Years
Equipment and Vehicles	8 Years
Technology Equipment	3 to 5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following deferred outflows:

Deferred Charge on Refunding – A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions: Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. The deferred outflows – pensions will be deferred and amortized as detailed in Note 8 to the financial statements.

Deferred Outflows – OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to OPEB plans subsequent to the measurement date of the actuarial valuations for the OPEB plans, and the difference between expected and actual experience. The deferred outflows – OPEB will be deferred and amortized as detailed in Note 9 to the financial statements

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable and other accrued expenses.

Unearned Revenue

Cash received for federal and state special projects, and programs is recognized as revenue to the extent that eligibility requirements have been met. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

Long-term debt and other obligations financed by proprietary funds are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

Postemployment Benefits Other Than Pensions (OPEB)

The District's OPEB liability, deferred outflows, and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust Program (CERBT). For this purpose, the CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. The CERBT reports its investments 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.

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments 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 related liability for the District's proportionate share of the MPP Program is reported in the financial statements; as the plan is not material additional disclosures are not included.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plan' 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Deferred Inflows – Pensions: Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 8 to the financial statements.

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits results from the difference between the estimated and actual return on OPEB plan investments changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 9 to the financial statements.

Net Position

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District has no restricted net position – nonexpendable net assets.

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

State Apportionments

Certain current year apportionments from the state under the Student Centered Funding Formula are based upon various financial and statistical information of the previous year. The California Community College Chancellor's Office recalculates apportionment on a statewide basis each February of the subsequent year; any difference in total computational revenue or state aid will be recorded in the year computed by the state.

The District also receives state apportionments for categorical programs. These allocations are based on various financial and statistical information from the current and previous years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. 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 and become delinquent after August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis with minor year-end accruals at the fund level. A receivable has not been accrued in these financial statements because it is not material. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the financial statements.

Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and federal and most state and local grants and contracts.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarships, Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported gross of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. District management is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

NOTE 2 DEPOSITS

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2021, $7,990,517 of the District's bank balance of $8,240,517 was exposed to credit risk as uninsured and uncollateralized.

Cash in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Santa Clara County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 100.40% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The County is restricted to invest time deposits, U.S. government securities, state registered warrants, notes, or bonds, state treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The County investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Cash and cash equivalents as of June 30, 2021 are as shown as follows:

Primary Government:	
Cash on Hand and in Banks	$ 3,070,742
Cash in Revolving Accounts	12,460
Cash in County Treasury	268,323,512
Total Cash and Cash Equivalents	$ 271,406,714

NOTE 2 DEPOSITS (CONTINUED)

Investments

Policies

Under provisions of California Government Code Sections 16430, 53601 and 53602 and District Board Policy Section 3130, the District may invest in the types of investments shown herein. The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2021.

- State of California Local Agency Investment Fund (LAIF)
- County Treasurer's Investment Pools
- U.S. Treasury notes, bonds, bills or certificates of indebtedness
- U.S. Government Agency guaranteed instruments
- Fully insured or collateralized certificates of deposit
- Fully insured and collateralized credit union accounts

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest rate risk is the risk that changes in 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.

Credit Risk

Credit risk is the risk an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District follows Government Code to reduce exposure to investment credit risk.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in one issuer.

Custodial Credit Risk

Custodial Credit Risk 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 that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021 consists of the balances shown as follows:

Primary Government:	
Federal and State	$ 22,134,054
Student	7,336,258
Less: Allowance for Bad Debt	(2,110,116)
Miscellaneous	2,102,613
Total Accounts Receivable	$ 29,462,809

The allowance for doubtful accounts is maintained at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of other receivable balances. The allowance is calculated based on a sliding scale of student receivable balances and provides for 4% for balances up to 30 days old, 7% for 31-60 days, 20% for 61-90 days, and 50% for amounts over 90 days.

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

A summary of changes for the District in capital assets for the year ended June 30, 2021 is shown as follows:

	Balance as Previously Reported at July 01, 2020	Restatement*	Balance July 01, 2020	Additions	Retirements and Transfers	Balance June 30, 2021
Capital Assets Not Being Depreciated:						
Land	$ 2,489,777	$ -	$ 2,489,777	$ -	$ -	$ 2,489,777
Construction in Progress	49,327,865	(28,721,038)	20,606,827	4,768,632	(23,609,431)	1,766,028
Total Capital Assets Not Being Depreciated	51,817,642	(28,721,038)	23,096,604	4,768,632	(23,609,431)	4,255,805
Capital Assets Being depreciated:						
Land Improvements	180,121,366	25,600,525	205,721,891	21,287,970	-	227,009,861
Buildings and Improvements	899,691,038	3,120,513	902,811,551	2,119,486	(572,056)	904,358,981
Equipment and Software	72,488,816	-	72,488,816	1,509,114	(247,636)	73,750,294
Total Capital Assets Being Depreciated	1,152,301,220	28,721,038	1,181,022,258	24,916,570	(819,692)	1,205,119,136
Less: Accumulated Depreciation for:						
Land Improvements	(116,616,262)	(21,355,270)	(137,971,532)	(14,719,639)	-	(152,691,171)
Buildings and Improvements	(394,303,009)	(24,569,909)	(418,872,918)	(31,560,059)	572,056	(449,860,921)
Equipment	(61,919,036)	-	(61,919,036)	(3,312,544)	247,636	(64,983,944)
Total Accumulated Depreciation	(572,838,307)	(45,925,179)	(618,763,486)	(49,592,242)	819,692	(667,536,036)
Depreciable Assets, Net	579,462,913	(17,204,141)	562,258,772	(24,675,672)	-	537,583,100
Capital Assets, Net	$ 631,280,555	$ (45,925,179)	$ 585,355,376	$ (19,907,040)	$ (23,609,431)	$ 541,838,905

* The July 1, 2020 balance has been restated by $45,925,179 for construction costs not capitalized and accumulated depreciation costs not recognized for assets placed in service in the period in which costs were incurred. See note 20.

Depreciation expense of $49,592,242 was recorded during the year.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2021 consists of the amounts shown as follows:

Primary Government - Accounts Payable:	
Vendors	$ 12,094,025
Retention	87,890
Total Accounts Payable	12,181,915
Primary Government - Accrued Liabilities:	
Payroll and Benefits	7,795,313
Accrued Expenses	4,938,526
Total Accrued Liabilities	12,733,839
Total Accounts Payable and Accrued Liabilities	$ 24,915,754

NOTE 6 UNEARNED REVENUE

Unearned revenue at June 30, 2021 consists of the amounts shown as follows:

Primary Government:	
Federal Financial Assistance	$ 105,003
State Categorical Aid	19,766,945
Other State	1,530,179
Enrollment Fees	5,976,263
Other Local	1,571,355
Total Unearned Revenue	$ 28,949,745

NOTE 7 INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within funds has been eliminated in the financial statements.

NOTE 8 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2021, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as shown herein:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 122,105,340	$ 30,700,398	$ 15,087,369	$ 14,141,365
CalPERS - Schools Pool Plan	113,772,846	19,698,219	8,758,634	19,433,942
Total	$ 235,878,186	$ 50,398,617	$ 23,846,003	$ 33,575,307

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 the California State Teachers' Retirement System (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.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

The STRP provisions and benefits in effect at June 30, 2021, are summarized herein:

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement Program	
Hire Date	On or Before December 31, 2012	On or After January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.250%	10.205%
Required Employer Contribution Rate	16.150%	16.150%
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 contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2021 are presented above and the total District contributions were $11,321,984.

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

At June 30, 2021, 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 shown herein:

	June 30, 2021
District Proportionate Share of Net Pension Liability	$ 122,105,340
State's Proportionate Share of the Net Pension Liability Associated With the District	62,944,808
Total	$ 185,050,148

The net pension liability was measured as of June 30, 2020. 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 school districts and the state, actuarially determined. At June 30, 2020, the District's proportion was 0.1260% which is a decrease of 0.0060% from its proportion measured as of June 30, 2019.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

For the year ended June 30, 2021, the District recognized pension expense of $14,141,365. In addition, the District recognized revenue and corresponding expense of $6,353,283 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 11,321,984	$ -
Difference Between Expected and Actual Experience	215,460	3,443,580
Change in Assumptions	11,907,000	-
Change in Proportion	4,355,434	11,643,789
Net Differences Between Projected and Actual Earnings on Plan Investments	2,900,520	-
Total	$ 30,700,398	$ 15,087,369

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 year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2020 measurement date is seven years.

The remaining amount will be recognized to pension expense as shown herein:

Year Ending June 30,	Amortization
2022	$ (1,833,819)
2023	1,305,103
2024	3,665,074
2025	716,049
2026	(299,236)
2027	737,874
Total	$ 4,291,045

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.40)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur mid-year. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the 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 1% lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease (6.10%)	$ 184,484,160
Current Discount Rate (7.10%)	122,105,340
1% Increase (8.10%)	70,602,840

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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.

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 nonduty disability benefits after 5 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 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, 2021, are summarized herein:

Provisions and Benefits	CalPERS-Schools Pool Plan	
Hire Date	On or Before December 31, 2012	On or after January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.000%	7.000%
Required Employer Contribution Rate	20.700%	20.700%

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined 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 rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are as presented above and the total District contributions were $11,269,837.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $113,772,846. The net pension liability was measured as of June 30, 2020. 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 school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.3708% which is a decrease of 0.0323% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $19,433,942. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 11,269,837	$ -
Difference Between Expected and Actual Experience	5,642,784	-
Changes of Assumptions	417,209	-
Changes in Proportion	-	8,758,634
Net Differences Between Projected and Actual Earnings on Plan Investments	2,368,389	-
Total	$ 19,698,219	$ 8,758,634

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2020 measurement date is 4.1 years.

The remaining amounts will be recognized to pension expense as shown as herein:

Year Ending June 30,	Amortization
2022	$ (420,150)
2023	(602,886)
2024	(234,052)
2025	926,836
Total	$ (330,252)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

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 10 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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized herein.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50.0 %	6.0 %
Fixed Income	28.0	2.6
Real Assets	13.0	4.9
Private Equity	8.0	7.2
Liquidity	1.0	(0.9)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. 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 Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	$ 163,569,213
Current Discount Rate (7.15%)	113,772,846
1% Increase (8.15%)	72,444,360

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report available on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS.

Deferred Compensation

The District offers its employees retirement plans under Internal Revenue Code (IRC) Section 414(d) that include a Tax Sheltered Annuity Plan under IRC 403(b) and a Deferred Compensation Plan under IRC 457(b). The two plans are available to all permanent employees and permits them to defer a portion of pre-tax salary into investments of an individual's own choosing until a future year. The compensation deferred is not available to the employees or their beneficiaries until termination, retirement death, or an unforeseeable emergency. The District also offers a governmental plan for the benefit of certain designated employees in the positions of Chancellor, Vice Chancellor(s), and College President(s). The plan provides for employer contributions to a trust for the payment of definitely determinable benefits in accordance with IRC 401(a) compensation limitations and minimum required distribution rules.

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District provides postemployment health care benefits for retired employees.

Plan Description and Eligibility

The District established an Other Postemployment Benefit Plan (the Plan) which is an agent multiemployer defined benefit healthcare plan administered by the California Employers Retirement Benefit Trust (CERBT). CERBT serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Separate financial statements are prepared for the CERBT and can be found at https://www.calpers.ca.gov. The District provides retirees, hired before July 1, 1997, their dependents, and domestic partners with health and hospital benefits, prescription drug benefits, vision care benefits, and dental care benefits, subject to eligibility requirements. Employees hired on or after July 1, 1997, are eligible for a health benefits bridge program to cover the period of time between retirement eligibility and Medicare coverage.

Participant Type	Number of Participants
Inactive Participants Currently Receiving Benefits	783
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	920
Total	1,703

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. The District contributed $8,957,527 to the plan, including the implicit rate subsidy, for fiscal year ended June 30, 2021.

Net OPEB Liability

The table herein shows the components of the net OPEB liability of the District.

	Balance June 30, 2021
Total OPEB Liability	$ 101,218,806
Plan Fiduciary Net Position	24,903,654
District's Net OPEB Liability	$ 76,315,152
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	25%

Investments

All Plan investments are held in the California Employers' Retiree Benefit Trust Program (CERBT) through CalPERS.

Actuarial Methods and Assumptions

The District's net OPEB liability for fiscal year ending June 30, 2021, was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was determined using the actuarial assumptions shown as follows, applied to all periods included in the measurement, unless otherwise specified.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance - June 30, 2019	$ 101,236,422	$ 22,591,064	$ 78,645,358
Changes for the Year:			
Service Cost	477,705	-	477,705
Interest	6,846,312	-	6,846,312
Employer Contributions to Trust	-	1,500,000	(1,500,000)
Employer Contributions as Benefit Payments	-	7,341,633	(7,341,633)
Net Investment Income	-	1,633,470	(1,633,470)
Benefit Payments	(7,341,633)	(7,341,633)	-
Other	-	-	-
Experience (Gains) Losses	-	-	-
Investment Gains (Losses)	-	(809,334)	809,334
Administrative Expenses	-	(11,546)	11,546
Net Changes	(17,616)	2,312,590	(2,330,206)
Balances - June 30, 2020	$ 101,218,806	$ 24,903,654	$ 76,315,152

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Mortality rates were based on the 2014 rates used by CalPERS and the 2009 rates used by STRS for the pension valuations. Inflation rate used was 2.75%.

The long-term expected rate of return on Plan investments was determined using a building-block method in which long-term return on employer assets is based on long-term historical trends for surplus funds invested pursuant to California Government Code Section 53601 et seq. Rolling periods of time for all asset classes in combination are looked at to appropriately reflect correlation between asset classes. That means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

The discount rate used to measure the total OPEB liability was 7.0%.

Deferred Outflows of Resources and Deferred Inflows or Resources

The deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Deferred outflows and inflows of resources resulted from experience gains and losses. A year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods, not to exceed 6.7 years. Deferred outflows and inflows of resources resulted from investment gains and losses. A year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining four-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to Measurement Date	$ 8,957,527	$ -
Difference Between Experience Gains and Losses	20,589	5,063,086
Difference Between Investment Gains and Losses	722,391	45,818
Total	$ 9,700,507	$ 5,108,904

At June 30, 2021, the deferred inflows and outflows will be amortized as shown herein:

Year Ending June 30,	Amortization
2022	$ (931,173)
2023	(931,173)
2024	(908,264)
2025	(934,911)
2026	(660,402)
Total	$ (4,365,924)

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

The following presents the District's net OPEB liability calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

Discount Rate	Net OPEB Liability
1% Decrease (6.0%)	$ 85,371,189
Current Discount Rate (7.0%)	76,315,152
1% Increase (8.0%)	68,542,026

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.0%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

Healthcare Trend Rate	Net OPEB Liability
1% Decrease (3.0%)	$ 67,376,981
Current Healthcare Trend Rate (4.0%)	76,315,152
1% Increase (5.0%)	86,584,579

OPEB Expense

For the year ended June 30, 2021, the District recognized OPEB expense of $1,740,506.

NOTE 10 SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has a Supplemental Employee Retirement Plan for classified and faculty employees. The accumulated future liability for the District at June 30, 2021 is $3,652,149.

In August 2018, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for classified and faculty employees.

A total of 88 employees, 52 classified and 36 faculty employees participate in the plan. The total cost to the District is approximately $5.85 million. The District will pay benefits of $1.17 million annually through 2023-2024. The liability has been reflected in these financial statements as a long-term liability.

In addition, the district is obligated to pay approximately $46,822 annually for the administration fee.

NOTE 11 LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2021 is shown as follows:

	Balance July 01, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due in One Year
General Obligation Bonds	$ 762,081,471	$ 280,991,764	$ 167,788,447	$ 875,284,788	$ 50,053,817
Premiums, Net of Amortization	47,459,490	7,607,280	7,174,538	47,892,232	3,256,149
Certificates of Participation	23,520,000	-	23,520,000	-	-
Premiums, Net of Amortization	1,360,101	-	1,360,101	-	-
Total Bonds and Notes Payable	834,421,062	288,599,044	199,843,086	923,177,020	53,309,966
Compensated Absences	6,202,501	1,092,289	138,041	7,156,749	33,978
Capital Leases	572,620	-	572,620	-	-
Claims Liability	2,864,655	1,422,898	113,086	4,174,467	1,182,178
Supplemental Employee Retirement Plan	4,682,244	187,288	1,217,383	3,652,149	1,217,383
OPEB Liability	78,645,358	-	2,330,206	76,315,152	-
Medicare Premium Program (MPP)	722,450	57,314	-	779,764	-
Net Pension Liability	225,859,677	10,018,509	-	235,878,186	-
Total Other Liabilities	319,549,505	12,778,298	4,371,336	327,956,467	2,433,539
Total Long Term Debt	$ 1,153,970,567	$ 301,377,342	$ 204,214,422	$ 1,251,133,487	$ 55,743,505

Liabilities are liquidated for governmental activities by the fund for which the employee worked, including compensated absences, other postemployment healthcare benefits, and net pension liability. General obligation bond liabilities are liquidated through property tax collections as administered by the County Auditor-Controller's Office through the Bond Interest and Redemption Fund. Payments on the certificates of participation and capital leases are paid through the Debt Service Fund. Payments on the claims liabilities will be paid by the Self-Insurance Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.199%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

NOTE 12 GENERAL OBLIGATION BONDS

General Obligation Bonds - Measure E (1999)

The District, Santa Clara County, California, Election of 1999 General Obligation Bonds (the "Bonds") were authorized at an election of registered voters held on November 2, 1999, at which two thirds of the persons voting on the proposition voted to authorize the issuance and sale of $248,000,000 in principal amount of general obligation bonds of the District. The Bonds are being issued to construct and repair college educational facilities.

Series A was sold on May 3, 2000 for a total of $99,995,036.

Series B was sold on September 9, 2003, for a total of $90,100,063.

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds - Measure E (1999) (Continued)

Series C was sold on September 20, 2005 for a total of $57,904,900.

General Obligation Refunding Bonds were issued on October 2, 2002 in the amount of $67,475,000 for the purpose of refunding a portion of the Measure E (1999), Series A General Obligations Bonds.

2005 General Obligation Refunding Bonds were issued on September 20, 2005 in the amount of $22,165,000 for the purpose of refunding a portion of the Measure E (1999), Series B General Obligation Bonds.

2012 General Obligation Refunding Bonds were issued on May 3, 2012 in the amount of $70,735,000 for the purpose of refunding portions of the Measure E (1999), Series B, Series C General Obligation Bonds, and the 2002 Refunding Obligation Bonds.

2014 General Obligation Refunding Bonds were issued on August 19, 2014 in the amount of $17,615,000 for the purpose of refunding portions of Measure E (1999), Series C General Obligation Bonds. The economic gain on the bond refunding was approximately $1.7 million.

2021 General Obligation Refunding Bonds were issued on April 21, 2021 in the amount of $61,735,000 for the purpose of refunding portions of Measure E (1999) 2012 Refunding Bonds and 2014 Refunding Bonds. The economic gain on the bond refunding was approximately $2.6 million.

General Obligation Bonds - Measure C (2006)

The District, Santa Clara County, California Election of 2006, General Obligation Bonds (the “Bonds”) were authorized at an election of registered voters held on June 6, 2006 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $490,800,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction, modernization, and renovation of certain District facilities approved by the District’s registered voters and to pay costs of issuance associated with the Bonds.

Series A was sold on May 10, 2007 for a total of $149,995,250.

Series B was sold on May 10, 2007, for a total of $99,996,686.

Series C was sold on May 19, 2011 for a total of $184,000,000.

Series D was sold on October 19, 2016, for a total of $26,040,000.

Series E was sold on October 19, 2016, for a total of $30,765,000.

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds - Measure C (2006) (Continued)

2014 General Obligation Refunding Bonds were issued on August 19, 2014 in the amount of $85,400,000 for the purpose of refunding portions of Measure C (2006), Series A and B General Obligation Bonds. The economic gain on the bond refunding was approximately $8.2 million.

2015 General Obligation Refunding Bonds were issued on September 1, 2015 in the amount of $83,100,000 for the purpose of refunding portions of the Measure C (2006) Series A and B General Obligation Bonds. The economic gain on the bond refunding was approximately $5.4 million.

2016 General Obligation Refunding Bonds were issued on October 19, 2016 in the amount of $201,735,000 for the purpose of refunding $184,000,000 of the Measure C (2006) Series C General Obligation Bonds. The economic gain on the bond refunding was approximately $22.9 million.

2021 General Obligation Refunding Bonds were issued on April 21, 2021 in the amount of $96,025,000 for the purpose of refunding portions of Measure C (2006) 2014 Refunding Bonds and 2016 Refunding Bonds. The economic gain on the bond refunding was approximately $4.3 million.

General Obligation Bonds - Measure G (2020)

On March 3, 2020, a general obligation bond proposition (Measure G) of the District was approved by the voters of the District. Measure G authorized the District to issue up to $898,000,000 of general obligation bonds to finance various capital projects and related costs as specified in the bond measure provisions. The bylaws of the Independent Citizen's Bond Oversight Committee have been revised to expand their duties to include oversight of the expenditures of bond proceeds for both Measure C (2006) and Measure G (2020) projects.

Series A was sold on April 21, 2021 for a total of $20,000,000.

Series B was sold on April 21, 2021, for a total of $90,000,000.

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Outstanding Bonded Debt - Measure E (1999), Measure C (2006), and Measure G (2020)

The outstanding bonded debt of Measure E (1999), Measure C (2006) and Measure G (2020) is as follows:

	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2021
Measure E (1999) General Obligation Bonds					
Series A	5/3/2000	8/1/2030	4.30 - 6.26%	$ 99,995,036	$ 10,417,890
Series B	9/9/2003	8/1/2036	2.00 - 5.79%	90,100,063	49,990,063
Series C	9/20/2005	8/1/2034	3.00 - 5.03%	57,904,900	21,007,253
2002 General Obligation Refunding Bonds	10/02/02	08/01/30	2.00 - 5.00%	67,475,000	-
2005 General Obligation Refunding Bonds	9/20/2005	8/1/2021	3.00 - 5.25%	22,165,000	4,930,000
2012 General Obligation Refunding Bonds	5/3/2012	8/1/2030	0.25 - 5.00%	70,735,000	11,840,000
2014 General Obligation Refunding Bonds	8/19/2014	8/1/2036	2.00 - 5.00%	17,615,000	-
2021 General Obligation Refunding Bonds	4/21/2021	8/1/2040	3.00%	61,735,000	61,735,000
Accreted Interest					135,764,322
Total Measure E (1999)					295,684,528
Measure C (2006) General Obligation Bonds					
Series A	5/10/2007	8/1/2036	4.00 - 5.00%	149,995,250	21,455,250
Series B	5/10/2007	8/1/2036	4.00 - 5.00%	99,996,686	13,381,686
Series C	5/19/2011	8/1/2040	4.73 - 4.78%	184,000,000	-
Series D	10/19/2016	8/1/2038	3.00 - 4.00%	26,040,000	26,040,000
Series E	10/19/2016	8/1/2040	2.50 - 3.22%	30,765,000	30,765,000
2014 General Obligation Refunding Bonds	8/19/2014	8/1/2027	2.00 - 5.00%	85,400,000	36,420,000
2015 General Obligation Refunding Bonds	9/1/2015	8/1/2031	1.00 - 5.00%	83,100,000	82,565,000
2016 General Obligation Refunding Bonds	10/19/2016	8/1/2040	2.00 - 4.00%	201,735,000	131,360,000
2021 General Obligation Refunding Bonds	4/21/2021	8/1/2036	0.15 - 2.51%	96,025,000	96,025,000
Accreted Interest					31,588,324
Total Measure C (2006)					469,600,260
Measure G (2020) General Obligation Bonds					
Series A	4/21/2021	8/1/2041	2.13 - 3.00%	20,000,000	20,000,000
Series B	4/21/2021	8/1/2033	0.15 - 2.26%	90,000,000	90,000,000
Total Measure G (2020)					110,000,000
Total General Obligation Bonds					$ 875,284,788

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020)

The annual requirements to amortize all Measure E (1999), Measure C (2006), and Measure G (2020) bonds payable, outstanding as of June 30, 2021, are shown herein and mature through the fiscal years ending June 30, 2041:

Measure E (1999), Series A

Year Ending June 30,	Principal	Interest
2022	$ 973,817	$ 2,551,184
2023	994,571	2,855,430
2024	1,011,393	3,168,607
2025	1,026,226	3,503,774
2026	1,042,509	3,862,491
2027-2031	5,369,374	25,260,624
Total	10,417,890	$ 41,202,110
Accreted Interest	48,112,342	
Total	$ 58,530,232	

Measure E (1999), Series B

Year Ending June 30,	Principal	Interest
2022	$ -	$ 712,500
2023	5,590,000	544,800
2024	6,285,000	188,550
2025	2,187,604	4,847,396
2026	2172135	5262865
2027-2031	10,756,045	33,408,955
2032-2036	19,015,012	85,564,988
2037	3,984,267	22,005,733
Total	49,990,063	$ 152,535,787
Accreted Interest	64,091,849	
Total	$ 114,081,912	

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020) (Continued)

Measure E (1999), Series C

Year Ending June 30,	Principal	Interest
2022	$ -	$ -
2023	-	-
2024	1,332,915	1,777,085
2025	1,355,038	1,984,962
2026	1,377,627	2,212,373
2027-2031	7,252,799	15,067,201
2032-2035	9,688,874	27,261,126
Total	21,007,253	$ 48,302,747
Accreted Interest	23,560,132	
Total	$ 44,567,385	

Measure E (1999), 2005 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 4,930,000	$ 129,413
Total	$ 4,930,000	$ 129,413

Measure E (1999), 2012 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 5,660,000	$ 450,500
2023	6,180,000	154,500
Total	$ 11,840,000	$ 605,000

Measure E (1999), 2021 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 950,000	$ 737,854
2023	1,195,000	946,638
2024	4,895,000	937,711
2025	5,010,000	915,891
2026	5,125,000	878,271
2027-2031	27,885,000	3,278,832
2032-2036	11,925,000	1,767,181
2037	4,750,000	59,565
Total	$ 61,735,000	$ 9,521,943

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020) (Continued)

Measure C (2006), Series A

Year Ending June 30,	Principal	Interest
2022	$ -	$ -
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027-2031	-	-
2032-2036	17,253,015	43,581,985
2037	4,202,235	12,557,765
Total	21,455,250	$ 56,139,750
Accreted Interest	19,530,435	
Total	$ 40,985,685	

Measure C (2006), Series B

Year Ending June 30,	Principal	Interest
2022	$ -	$ -
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027-2031	-	-
2032-2036	10,524,289	26,140,712
2037	2,857,397	8,377,602
Total	13,381,686	$ 34,518,314
Accreted Interest	12,057,889	
Total	$ 25,439,575	

Measure C (2006), Series D

Year Ending June 30,	Principal	Interest
2022	$ -	$ 875,300
2023	-	875,300
2024	-	875,300
2025	340,000	868,500
2026	750,000	846,700
2027-2031	4,760,000	3,488,000
2032-2036	-	3,028,500
2037-2041	20,190,000	2,248,200
Total	$ 26,040,000	$ 13,105,800

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020) (Continued)

Measure C (2006), Series E

Year Ending June 30,	Principal	Interest
2022	$ -	$ 955,535
2023	-	955,535
2024	-	955,535
2025	-	955,535
2026	-	955,535
2027-2031	5,170,000	4,556,241
2032-2036	12,700,000	3,188,545
2037-2039	12,895,000	608,744
Total	$ 30,765,000	$ 13,131,205

Measure C (2006), 2014 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 7,530,000	$ 1,632,750
2023	8,530,000	1,231,250
2024	9,605,000	777,875
2025	10,755,000	268,875
Total	$ 36,420,000	$ 3,910,750

Measure C (2006), 2015 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ -	$ 3,650,525
2023	-	3,650,525
2024	-	3,650,525
2025	-	3,650,525
2026	-	3,650,525
2027-2031	61,500,000	13,359,225
2032	21,065,000	473,962
Total	$ 82,565,000	$ 32,085,812

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020) (Continued)

Measure C (2006), 2016 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 1,205,000	$ 5,329,750
2023	1,610,000	5,273,450
2024	2,040,000	5,200,450
2025	2,175,000	5,116,150
2026	2,265,000	5,027,350
2027-2031	12,300,000	23,612,475
2032-2036	23,535,000	19,868,500
2037-2041	86,230,000	10,169,000
Total	$ 131,360,000	$ 79,597,125

Measure C (2006), 2021 Refunding Bond

Year Ending June 30,	Principal	Interest
2022	$ 630,000	$ 1,681,841
2023	1,015,000	2,160,739
2024	1,020,000	2,157,910
2025	1,020,000	2,153,432
2026	13,020,000	2,091,519
2027-2031	19,850,000	9,132,879
2032-2036	-	8,920,500
2037-2041	59,470,000	5,494,800
Total	$ 96,025,000	$ 33,793,620

Measure G (2020), Series A

Year Ending June 30,	Principal	Interest
2022	$ -	$ 413,749
2023	-	531,962
2024	-	531,962
2025	-	531,962
2026	-	531,962
2027-2031	-	2,659,814
2032-2036	5,145,000	2,441,488
2037-2041	11,955,000	1,087,275
2042	2,900,000	32,625
Total	$ 20,000,000	$ 8,762,799

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity - Measure E (1999), Measure C (2006), and Measure G (2020) (Continued)

Measure G (2020), Series B

Year Ending June 30,	Principal	Interest
2022	$ 28,175,000	$ 254,437
2023	29,110,000	274,914
2024	22,285,000	204,328
2025	840,000	168,151
2026	885,000	161,727
2027-2031	5,625,000	593,609
2032-2034	3,080,000	72,530
Total	$ 90,000,000	$ 1,729,696

NOTE 13 CERTIFICATES OF PARTICIPATION

On November 1, 2006, the Financing Corporation issued Certificates of Participation (2006 Certificates) in the amount of $11,335,000 for the construction and renovation of certain District facilities and the acquisition and installation of equipment, pay capitalized interest with respect to the 2006 Certificates through approximately June 30, 2008, and pay costs related to the execution and delivery of the Certificates. The 2006 Certificates bear effective interest rates ranging from 3.5% to 4.0% and mature through 2021.

On December 21, 2016, the Financing Corporation issued Certificates of Participation (Refunding Certificates) in the amount of $27,765,000 to refund $4,745,000 in principal outstanding on the 2006 Certificates, to refund $786,993 in outstanding principal on a capital lease issued on April 5, 2005 and for the construction and renovation of certain District facilities and the acquisition and installation of equipment, pay capitalized interest with respect to the Refunding Certificates and pay costs related to the execution and delivery of the Refunding Certificates. The Refunding Certificates bear effective interest rates ranging from 2.0% to 5.0% and mature through 2041.

On April 7, 2021, the liability for the Certificates of Participation was defeased with the issuance of the G.O. Bond Measure G, Series B. Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $22.0 million, has various expected redemption dates of August 1, 2023 to August 1, 2040. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

NOTE 14 CAPITAL LEASE

On April 5, 2005, the district entered into a capital lease agreement with CitiMortgage, Inc., since acquired by PNCEF, LLC, to finance the purchase and installation of Photovoltaic Solar Collecting Systems at Foothill College and De Anza College. The amount of the lease is $3,188,626 with effective interest rates of 4.14% and mature through September 2020.

On August 19, 2013, the district entered into a capital lease agreement with Capital One Public Funding, LLC, to refinance the 2003 Certificate of Participation of $18.2 million. The refinanced lease amount of $7,580,000 constitutes the remainder of the refinanced $18.2 million 2003 Certificates of Participation with effective interest rates of 1.75% and mature through 2021.

The final lease payment for both leases were made during the fiscal year ended June 30, 2021.

NOTE 15 RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, District contracts with insurers for property and liability coverage. Fiscal year ending June 30, 2021 was a transitional year for the District's insurance program as follows:

- Property and Liability:
  - 7/01/20 – 4/01/21 provided by various commercial insurers through Arthur J. Gallagher Insurance Company (Broker).
  - 4/01/21 – 6/30/21 gap coverage provided by Statewide Association of Community Colleges Joint Powers Authority (SWACC JPA).
- Excess Liability
  - 7/01/20 – 6/30/21 provided by Schools Excess Liability Fund Joint Powers Authority (SELF JPA), see Note 16 below.

Workers' Compensation

Effective March 1, 2003, the District is self-insured for certain risks and employee benefits. Workers' compensation claims are self-insured to $750,000. Excess insurance has been purchased which covers worker's compensation claims between $250,000 and $750,000. The estimate of incurred but not reported and reported claims was actuarially determined based upon historical experience and actuarial assumptions. The current and long term portions of the liability for the unpaid claims for workers' compensation losses as of June 30, 2021 were $1,182,178 and $2,992,289, respectively.

NOTE 15 RISK MANAGEMENT (CONTINUED)

Health Care

The District is self-insured for dental and vision coverage and has contracted with CalPERS to provide health care coverage. Participating eligible full-time employees are provided a negotiated average per employee per month (PEPM) contribution for health, dental and vision plan premium costs. For the 2021 Plan Year, the PEPM was $1,011 or $12,132 for the year.

Actual PEPM contributions for each individual is based on the plan and tier selected.

Insurance Coverages

Insurance Program/Company Name	Type of Coverage	Limits
Argonaut Insurance *	General Liability	$250,000 - $5,000,000
Schools Excess Liability Fund (SELF)	Excess Liability	$5,000,000 - $50,000,000
Zurich Insurance *	Property Insurance	$100,000 - $100,000,000
Arrowhead Insurance *	Excess Property	$100,000,000 - $200,000,000
Nationwide Scottsdal Insurance *	Excess Property	$200,000,000 - $250,000,000
Arch Insurance	Excess Workers Compensation	$750,000 - $1,000,000

*Coverage provided is for the 7/1/2020 – 4/1/2021 period only. Gap coverage is provided through SWACC for the period from 4/1/2021-6/30/2021.

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.

Reported Liability	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Worker's Compensation	$ 2,864,655	$ 1,422,898	$ 113,086	$ 4,174,467

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

The District participates in two joint powers authority (JPA) entities as listed below:

1. Schools Excess Liability Fund (SELF), a statewide JPA established as a program to pool excess liability for participating California agencies. SELF arranges for and provides a self-funded or additional insurance for excess liability fund for approximately 1,100 public educational agencies. SELF is governed by a board of 16 elected voting members, elected alternates, and two ex-officio members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's board of directors and shares surpluses and deficits proportionately to its participation in SELF. During this period (7/01/20 – 6/30/21), the District made payments of $240,468.48 and $210,602.81 for excess liability and special assessment for the California Child Victims Act (AB218) Revived Liability Funding Plan, respectively.

NOTE 16 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES (CONTINUED)

2. Statewide Association of Community Colleges (SWACC) provides liability and property insurance for forty-eight community college districts. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionately to its participation in SWACC. SWACC provided transitional gap coverage from 4/01/21 – 6/30/21 to align with the District's fiscal year. During this period, the District made a payment of $152,809.00 for property, liability, crime, cyber, and equipment breakdown insurance.

Each JPA is governed by a board that controls its operations independent of any influence by the District beyond the District's representation on the governing boards. Each JPA is independently accountable for its fiscal matters and maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are not considered to be that of a component unit for financial reporting purposes.

The most current condensed financial information derived from the JPAs financial statements for the fiscal year ended June 30, 2020 is as follows:

	SWACC 44012 (Audited)	SELF 44012 (Audited)
Total Assets	$ 39,179,390	$ 174,933,796
Total Liabilities	24,740,500	141,257,884
Fund Balance	$ 14,438,890	$ 33,675,912
Total Revenues	$ 26,984,535	$ 77,945,029
Total Expenditures	31,681,224	64,133,389
Total Nonoperating Revenues (Expenses)	$ (4,696,689)	$ 13,811,640

Separate financial statements for the JPAs can be obtained if necessary, upon the District's request to the JPA.

During the year ended June 30, 2021, the District made payments of $451,071 to SELF, and $152,809 to SWACC.

NOTE 17 FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown as follows:

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional Activities	$ 78,408,698	$ 29,289,893	$ 5,122,164	$ -	$ -	$ 112,820,755
Academic Support	24,687,197	9,331,579	2,043,945	-	-	36,062,721
Student Services	6,959,122	2,651,828	6,369,294	-	-	15,980,244
Operation and Maintenance of Plant	5,879,095	2,990,585	6,097,769	-	-	14,967,449
Instructional Support Services	24,850,587	15,302,598	49,143,746	-	-	89,296,931
Community Services and Economic Development	4,585,711	1,710,156	514,764	-	-	6,810,631
Ancillary Services and Auxiliary Operations	2,874,261	1,468,903	753,188	-	-	5,096,352
Transfers, Student Aid, and Other Outgo	-	-	-	34,334,036	-	34,334,036
Depreciation Expense	-	-	-	-	49,592,242	49,592,242
Total	$ 148,244,671	$ 62,745,542	$ 70,044,870	$ 34,334,036	$ 49,592,242	$ 364,961,361

NOTE 18 COMMITMENTS AND CONTINGENCIES

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Accreditation

The District's two Colleges maintain their accreditation by fulfilling criteria that are determined by the Accrediting Commission of Community Junior Colleges (ACCJC). Throughout its continuous seven-year review cycle, each College conducts and publishes several review instruments, including an annual report, annual fiscal report, midterm report, comprehensive institutional self-study, and an evaluation review by a team of peers. The District's two Colleges completed their accreditation comprehensive visits in Fall 2017. The ACCJC reaffirmed both Colleges' accreditation for the full seven-year cycle through 2024.

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.

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2022	$ 138,375
2023	138,375
2024	138,375
Total	$ 415,125

Purchase Commitments

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $2.4 million. Projects will be funded through unrestricted local, state funds and general obligation bonds.

NOTE 19 DONATED SERVICES AND FACILITIES

Donated services and facilities to the Foothill-De Anza Community Colleges Foundation totaling $76,534 for the year ended June 30, 2021 consisted of accounting and management support, comprehensive insurance, office space and other miscellaneous internal services provided by the District.

The valuation of such services and facilities is determined based upon various factors, including employee salaries and benefits, office rent, and certain other operating expenses. All significant donated services and facilities, and related costs are recognized and reported annually.

NOTE 20 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT TO BEGINNING NET POSITION

Fiduciary Funds

The beginning net position of the financial statements has been restated by an increase of $1,777,042 in the governmental funds to recognize the beginning net position of the Fiduciary Activities as Business Type Activities resulting from the implementation of GASB Statement No. 84 *Fiduciary Activities*.

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and Statement of Cash Flows to maintain consistency between periods presented.

NOTE 20 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT TO BEGINNING NET POSITION (CONTINUED)

Capital Assets

In accordance with governmental accounting standards, prior to June 30, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. The District had previously estimated the depreciation of capitalized interest at 50 years. During the fiscal year ending June 30, 2021, it was determined that for certain construction projects, the depreciation of capitalized interest would be changed from 50 years to 10 years. This change in estimate was applied retrospectively. The beginning net position of the financial statements has been restated by a net decrease of $45,925,179 in the governmental funds to recognize this change in accounting estimate.

NOTE 21 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2021, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 87 – *Leases*

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effective date was postponed to fiscal year 2021-22.

Statement No. 91 – *Conduit Debt Obligations*

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date was postponed to fiscal year 2022-23.

Statement No. 92 – *Omnibus 2020*

The objectives of the 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. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and for other requirements the effective date has been postponed to fiscal year 2022-23.

NOTE 21 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 93 – *Replacement of Interbank Offered Rates (IBOR)*

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement effective date was postponed to fiscal year 2022-23.

Statement No. 94 – *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for fiscal year 2022-23.

Statement No. 96 – *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23.

REQUIRED SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FISCAL YEAR ENDED JUNE 30, 2021

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.1536%	0.1502%	0.1410%	0.1320%	0.1260%	0.1200%	0.1260%
District's Proportionate Share of Net Pension Liability	$ 89,739,321	$ 102,319,350	$ 114,042,210	$ 122,073,600	$ 115,802,820	$ 108,379,200	$ 122,105,340
State's Proportionate Share of Net Pension Liability Associated With the District	54,188,476	54,115,656	64,931,754	72,218,299	66,302,855	59,128,566	62,944,808
Total	$ 143,927,797	$ 156,435,006	$ 178,973,964	$ 194,291,899	$ 182,105,675	$ 167,507,766	$ 185,050,148
District's Prior Year Covered Payroll	$ 62,500,000	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000	$ 70,400,000
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	143.58%	157.66%	169.96%	169.08%	161.51%	152.22%	173.45%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.00%	74.00%	70.00%	69.00%	71.00%	73.00%	72.00%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.4455%	0.4405%	0.4395%	0.4280%	0.4222%	0.4031%	0.3708%
District's Proportionate Share of Net Pension Liability	$ 50,508,676	$ 64,924,007	$ 86,801,522	$ 102,174,896	$ 112,571,812	$ 117,480,477	$ 113,772,846
District's Prior Year Covered Payroll	$ 46,700,000	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000	$ 53,200,000
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	108.16%	133.59%	164.40%	186.79%	201.74%	210.16%	213.86%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.00%	83.00%	74.00%	72.00%	71.00%	70.00%	70.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The proportionate share of net pension liability reports prior year covered payroll as of the measurement date.

See accompanying Notes to Required Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FISCAL YEAR ENDED JUNE 30, 2021

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	$ 5,770,723	$ 7,276,038	$ 9,099,696	$ 10,329,430	$ 11,460,643	$ 11,935,159	$ 11,321,984
Contributions in Relation to Contractually Required Contribution	5,770,723	7,276,038	9,099,696	10,329,430	11,460,643	11,935,159	11,321,984
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Current Year Covered Payroll	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000	$ 70,400,000	$ 70,100,000
Contributions as a Percentage of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	$ 5,722,845	$ 6,255,896	$ 7,593,407	$ 8,654,851	$ 10,093,326	$ 10,487,637	$ 11,269,837
Contributions in Relation to Contractually Required Contribution	5,722,845	6,255,896	7,593,407	8,654,851	10,093,326	10,487,637	11,269,837
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Current Year Covered Payroll	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000	$ 53,200,000	$ 54,600,000
Contributions as a Percentage of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.09%	19.72%	20.70%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FISCAL YEAR ENDED JUNE 30, 2021

	2018	2019	2020	2021
TOTAL OPEB LIABILITY				
Service Cost	$ 412,154	$ 423,488	$ 435,134	$ 477,705
Interest	7,262,034	7,298,943	7,324,225	6,846,312
Experience (Gains) Losses	-	-	(7,204,559)	-
Actual minus Expected Benefit Payments	-	37,284	(59,869)	-
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)
NET CHANGE IN TOTAL OPEB LIABILITY	626,646	453,475	(6,910,401)	(17,616)
Total OPEB Liability - Beginning of Year	107,066,702	107,693,348	108,146,823	101,236,422
TOTAL OPEB LIABILITY - END OF YEAR (a)	$ 107,693,348	$ 108,146,823	$ 101,236,422	$ 101,218,806

	2018	2019	2020	2021
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	$ 8,547,542	$ 8,768,956	$ 8,905,332	$ 8,841,633
Net Investment Income	1,474,081	1,364,217	1,437,170	1,633,470
Investment Gains (Losses)	-	-	(124,874)	(809,334)
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)
Actual Minus Expected Benefit Payments	-	37,284	-	-
Administrative Expense	(12,538)	(31,884)	(4,471)	(11,546)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,961,543	2,832,333	2,807,825	2,312,590
Plan Fiduciary Net Position - Beginning of Year	13,989,363	16,950,906	19,783,239	22,591,064
PLAN FIDUCIARY NET POSITION - END OF YEAR (b)	$ 16,950,906	$ 19,783,239	$ 22,591,064	$ 24,903,654
NET OPEB LIABILITY - END OF YEAR (a) - (b)	$ 90,742,442	$ 88,363,584	$ 78,645,358	$ 76,315,152
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	15.74%	18.29%	22.32%	24.60%
Covered-Employee Payroll	$ 101,240,000	$ 100,791,000	$ 102,699,000	$ 100,174,000
Net OPEB Liability as a Percentage of Covered-Employee Payroll	89.63%	87.67%	76.58%	76.18%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The schedule of changes in net OPEB Liability reports prior year covered-employee payroll as of the measurement date.

See accompanying Notes to Required Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20
CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19
CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18
CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16
CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None

Changes of Assumptions - None

SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION
FISCAL YEAR ENDED JUNE 30, 2021

The board of trustees and the District Administrators for the fiscal year ended June 30, 2021 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Peter Landsberger	President	2020-2024
Patrick J. Ahrens	Vice President	2018-2022
Laura Casas	Member	2020-2024
Gilbert Wong	Member	2020-2024
Pearl Cheng	Member	2018-2022

DISTRICT ADMINISTRATORS

Judy Miner	Chancellor
Susan Cheu	Vice Chancellor, Business Services
Myisha Washington	Interim Vice Chancellor, Human Resources
Joseph Moreau	Vice Chancellor, Technology
Thuy Nguyen	President, Foothill College
Lloyd Holmes	President, De Anza College

FISCAL ADMINISTRATION

Susan Cheu	Vice Chancellor, Business Services
Raquel Puentes-Griffith	Executive Director, Fiscal Services
Sirisha Pingali	Director, Budget Operations
Edith Aiwaz	Manager, Accounting

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Auxiliary Name	Auxiliary Director's Name	Establishment and Master Agreement Date
Foothill-De Anza Community Colleges Foundation	Dennis Cima	Organized as an independent organization in 1996 and has a signed master agreement dated 1998.
California History Center	Vacant	Organized as an auxiliary organization in 1987 and has a signed master agreement dated 1987.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Pell Grant Programs (PELL)	84.063	(1)	$ 19,042,655
Federal Pell Administrative Allowance	84.063	(1)	50,462
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(1)	563,446
Federal Direct Student Loan	84.268	(1)	4,587,237
Federal College Work Study (FWS)	84.033	(1)	484,980
Total Student Financial Aid Cluster			24,728,780
COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act)			
COVID-19 - HEERF CARES Act - Student Aid	84.425E	(1)	4,894,105
COVID-19 - HEERF CARES Act - Institutional	84.425F	(1)	2,305,594
COVID-19 - HEERF CARES Act - Minority Serving Institutions	84.425L	(1)	29,700
Total COVID-19 - Higher Education Emergency Relief Funds (HEERF)			7,229,399
Pass Through California Community College Chancellor's Office:			
Career Technical Education Act Basic Grants To States (Perkins Title I-C)	84.048	14-112-016	859,275
Total Career Technical Education-Basic Grants to States			859,275
Total U.S. Department of Education			32,817,454
Corporation for National and Community Service:			
AmeriCorps State and National	94.006	(1)	39,671
Total Corporation for National and Community Service			39,671

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services:			
Pass through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(2)	$ 33,026
Pass through San Francisco State University:			
National Institutes of Health (NIH)	93.859	(2)	25,754
Total U.S. Department of Health and Human Services			58,780
U.S. Department of Labor:			
Veteran's Employment Program	17.802	(1)	4,440
Workforce Investment Act Cluster			
Pass through Employment Development Department State of California:			
Occupational Training Institute (OTI) - General Grants	17.258	03573	32
Pass through City of San Jose:			
WIA - Adult Program	17.258	03573	34,548
Total Workforce Investment Act Cluster			34,580
Total U.S. Department of Labor			39,020
U.S. Department of Treasury:			
Passed through the California Department of Education:			
COVID-19 - Coronavirus Relief Fund -			
COVID-19 Response Block Grant	21.019	(2)	1,140,516
Total U.S. Department of Treasury			1,140,516
U.S. Department of Agriculture:			
Passed through the California Department of Education:			
Child and Adult Care Food Program	10.558	03628	18,161
Total U.S. Department of Agriculture			18,161
Total Expenditures Federal Programs			$ 34,113,602

Reconciliation to Federal Revenue			
Total Expenditures Federal Programs			$ 34,113,602
Federal Direct Student Loan	84.268	(1)	(4,587,237)
Total Federal Program Revenue			$ 29,526,365

(1) Pass-through entity identifying number not applicable, direct funded
(2) Pass-through entity identifying number not applicable

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS
FISCAL YEAR ENDED JUNE 30, 2021

Program Name	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Adult Education Block Grant (CAEP)	$ 907,367	$ -	$ -	$ 453,470	$ 453,897	$ 453,897
BFAP Administration	874,333	3,000	-	13,101	864,232	864,232
Butte-Glenn OER	11,013	-	-	11,013	-	-
Calgrant B	1,651,229	43,265	-	1,482	1,693,012	1,693,012
Calgrant C	64,253	-	-	-	64,253	64,253
California Learning Lab	1,000,825	-	-	591,653	409,172	409,172
Calworks	335,665	-	-	3,241	332,424	332,424
Calworks EC Works	13,126	4,428	-	-	17,554	17,554
Calworks SSA	102,519	38,482	-	-	141,000	141,000
Campus Safety & Sexual Assault	26,768	-	-	-	26,768	26,768
Career Technological Education	6,523,292	1,569,158	-	2,838,381	5,254,069	5,254,069
CDC State Meal Reimbursement	520	126	-	-	645	645
CDC-State Contracts	450,583	-	-	-	450,583	450,583
Child Development Center Bailout	459,874	-	-	-	459,874	459,874
Child Development Training Consortium	14,778	-	-	14,778	-	-
Cooperative Agencies Resources for Education	138,715	-	-	14,735	123,980	123,980
CVC/OEI	35,930,086	5,833,030	-	2,582,818	39,180,297	39,180,297
Disabled Student Services and Programs	2,950,182	-	-	256,973	2,693,209	2,697,233
Disaster Relief Emergency 20/21	200,169	-	-	12,669	187,500	187,500
Dream Resource Liaison Support	112,213	-	-	54,080	58,133	58,133
Early Action Emergency Financial Aid 20/21	1,422,648	-	-	1,422,648	-	-
Early Childhood Education	42,907	-	-	531	42,377	51,880
Economic Development	253,692	-	-	38,637	215,055	215,055
Equal Employment Opportunity	175,607	-	-	119,224	56,383	56,383
Extended Opportunity Programs and Services	1,901,405	-	-	3,682	1,897,723	1,897,723
Faculty & Staff Development	143,508	-	-	143,508	-	-
Financial Aid Technology	226,329	-	-	50,463	175,866	175,866
First 5 CDC	42,838	9,376	-	52,214	-	-
Guided Pathways	1,877,508	-	-	1,495,399	382,110	382,110
Hunger Free Campus	151,458	-	-	39,610	111,848	111,848
Innovation in Higher Education	1,289,109	-	-	684,647	604,463	604,463
Instructional Equipment	992,818	-	-	882,315	110,503	110,503
Lottery-Instructional Materials	987,487	888,888	-	-	1,876,375	1,401,290
Mandatory Cost Elimination Fee	-	-	-	-	-	60,481
Mental Health Services Grant	200,000	-	-	70,487	129,513	129,513
Mental Health Support	69,295	-	-	-	69,295	69,295
P-98 COVID-19 Response Block Grant	1,399,998	-	-	1,251,133	148,865	148,865
Promise Grants (AB19)	5,442,972	-	-	266,519	5,176,453	5,176,453
Scheduled Maintenance	331,483	-	-	-	331,483	578,408
Student Equity and Achievement (SEA)	7,844,400	9,285,210	-	7,096,409	10,033,201	10,033,201
Student Retention and Enrollment	282,184	-	-	282,184	-	-
Student Success Completion Grants	1,902,577	-	-	93,380	1,809,197	1,809,197
TANF	74,781	-	-	41,755	33,026	33,026
TTIP Telecom & Technology	51,192	-	-	51,192	-	-
Veterans Resource Center	345,445	23,915	-	202,816	166,544	166,544
VRC 20/21 One Time Funding	67,642	-	-	67,642	-	-
Umoja Grant	33,474	-	-	24,536	8,938	8,938
CalFresh Outreach	43,494	-	-	43,494	-	-
IEPI Grant	110,070	-	-	24,304	85,766	85,766
Total	$ 79,473,830	$ 17,698,877	$ -	$ 21,297,123	$ 75,875,586	$ 75,721,434

Note : Certain programs use resources from the prior year ending balance and/or carry over balances into the subsequent fiscal year beginning fund balance; for these situations, total revenue will not equal total expenditures.

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FISCAL YEAR ENDED JUNE 30, 2021

	Annual - Factored		
Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit[1]	56.11	-	56.11
2. Credit[1]	3,187.07	-	3,187.07
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)	-	-	-
2. Credit[1]	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,913.77	-	2,913.77
(b) Daily Census Contact Hours	169.78	-	169.78
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	265.73	-	265.73
(b) Credit[1]	167.11	-	167.11
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	16,022.96	-	16,022.96
(b) Daily Census Contact Hours	822.14	-	822.14
(c) Noncredit Independent Study/Distance Education Courses	0.02	-	0.02
D. Total FTES	23,604.69	-	23,604.69
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	110.92	-	110.92
(b) Credit[1]	519.19	-	519.19
CCFS 320 Addendum			
CDCP Noncredit FTES	90.27	-	90.27
Centers FTES			
(a) Noncredit[1]	39.52	-	39.52
(b) Credit[1]	983.95	-	983.95

1 Including Career Development and College Preparation (CDCP) FTES

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

The audit resulted in no adjustments to the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Unrestricted Fund Balance	$ 44,833,968
Restricted Fund Balance	11,023,458
Debt Service Funds	66,833,301
Child Development Fund	979,292
Capital Outlay Funds Balance	112,538,575
Enterprise Funds Balance	3,541,476
Self Insurance Fund Balance	8,169,165
Associated Students and Student Representation Fee	1,894,559
All Other Funds	15,026
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	$ 249,828,820

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORTS (CCFS-311) WITH FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 249,828,820
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $466,365 are already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	541,372,540
Deferred charges associated with debt refundings are capitalized. These amounts will be amortized to interest expense over the life of the refunded debt.	36,526,406
Deferred outflows associated with pension (PERS and STRS) and OPEB costs result from pension and OPEB contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	59,983,231
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences of $157,003 is already recorded in the General Fund.	(6,999,746)
The supplemental employee retirement plan is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(3,652,149)
Long-term liability related to general obligation bonds, certificates of participation and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long term obligations are added to the statement of net position which reduces the total net assets reported.	(923,177,020)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan (PERS and STRS) and OPEB is recorded as net pension and OPEB liabilities. The proportionate share of STRS Medicare Premium Program is also recorded as a liability.	(312,973,102)
Interest related to bonds incurred through June 30, 2021 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(10,717,558)
Deferred inflows associated with pension (PERS and STRS) and OPEB costs represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the difference between the expended and actual experience, the difference in proportion and changes in assumptions. These amounts are deferred and amortized.	(28,954,907)
Total Net Position	$ (398,763,485)

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	$ 32,390,363	$ -	$ 32,390,363	$ 32,390,363	$ -	$ 32,390,363
Instructional Salaries - Other	1300	34,661,351	-	34,661,351	34,661,351	-	34,661,351
Total Instructional Salaries		67,051,714	-	67,051,714	67,051,714	-	67,051,714
Noninstructional Salaries - Contract or Regular	1200	-	-	-	13,015,404	-	13,015,404
Noninstructional Salaries - Other	1400	-	-	-	830,103	-	830,103
Total Noninstructional Salaries		-	-	-	13,845,507	-	13,845,507
Total Academic Salaries		67,051,714	-	67,051,714	80,897,221	-	80,897,221
Classified Salaries							
Noninstructional Salaries - Regular Status	2100	-	-	-	31,496,208	-	31,496,208
Noninstructional Salaries - Other	2300	-	-	-	1,845,047	-	1,845,047
Total Noninstructional Salaries		-	-	-	33,341,255	-	33,341,255
Instructional Aides - Regular Status	2200	1,942,029	-	1,942,029	1,942,029	-	1,942,029
Instructional Aides - Other	2400	292,893	-	292,893	292,893	-	292,893
Total Instructional Aides		2,234,922	-	2,234,922	2,234,922	-	2,234,922
Total Classified Salaries		2,234,922	-	2,234,922	35,576,177	-	35,576,177
Employee Benefits	3000	26,622,516	-	26,622,516	49,160,261	-	49,160,261
Supplies and Materials	4000	-	-	-	1,364,271	-	1,364,271
Other Operating Expenses	5000	-	-	-	22,186,732	-	22,186,732
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		95,909,152	-	95,909,152	189,184,662	-	189,184,662
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	4,288,237	-	4,288,237	4,288,237	-	4,288,237
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	4,334,357	-	4,334,357
Objects to Exclude							
Rents and Leases	5060	-	-	-	165,495	-	165,495
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies and Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	4,339,744	-	4,339,744
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,288,237	-	4,288,237	13,127,833	-	13,127,833
Total for ECS 84362, 50% Law		$ 91,620,915	$ -	$ 91,620,915	$ 176,056,829	$ -	$ 176,056,829
Percent of CEE (Instructional Salary Cost/Total CEE)		52.04%	0%	52.04%	100%	0%	100%
50% of Current Expense of Education					$ 88,028,415	$ -	$ 88,028,415

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
FISCAL YEAR ENDED JUNE 30, 2021

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 17,850,720
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 17,850,720	$ -	$ -	$ 17,850,720
Total Expenditures for EPA*		$ 17,850,720	$ -	$ -	$ 17,850,720
Revenue less Expenditures					

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

See accompanying Notes to Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

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 governmental for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the 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 operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The District uses an indirect cost rate, approved by the U.S. Department of Health and Human Services, as allowed under the Uniform Guidance. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance – Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS- 311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS- 311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown.

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50% law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Proposition 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Foothill-De Anza Community College District
Los Altos Hills, 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 discretely presented component unit of Foothill-De Anza Community College District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 2, 2021. The financial statements of Foothill-De Anza Community Colleges Foundation (the discretely presented component unit) were not audited in accordance with *Government Auditing Standards*.

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 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 financial statement. 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 non-compliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 2, 2021

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

Board of Trustees
Foothill-De Anza Community College District
Los Altos Hills, California

Report on Compliance for Each Major Federal Program

We have audited Foothill-De Anza Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2021. 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.

Auditors' 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003 and 2021-004. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003 and 2021-004 that we consider to be significant deficiencies.

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

Board of Trustees
Foothill-De Anza Community College District

Purpose of this Report

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 2, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Foothill-De Anza Community College District
Los Altos Hills, California

We have audited the Foothill-De Anza Community College District's (the District) compliance with the types of compliance requirements described in the *2020-21 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2021. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

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 *2020-21 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed 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.

Board of Trustees
Foothill-De Anza Community College District

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 the laws and regulations applicable to the following items:

Section	Description	Procedures Performed
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Not Applicable
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment (CCAP and Non-CCAP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not Applicable
490	Proposition 1D and 51 State Bond Funded Projects	Not Applicable
491	Education Protection Account Funds	Yes
499	COVID-19 Response Block Grant Expenditures	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-21 Contracted District Audit Manual.* Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 2, 2021

FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified			
2. Internal control over financial reporting:				
• Material weakness(es) identified?	______	yes	x	no
• Significant deficiency(ies) identified?	______	yes	x	none reported
3. Noncompliance material to financial statements noted?	______	yes	x	no

Federal Awards

1. Internal control over major federal programs:				
• Material weakness(es) identified?	______	yes	x	no
• Significant deficiency(ies) identified?	x	yes	______	none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified			
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x	yes	______	no

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster
84.425E, 84.425F, and 84.425L	COVID-19 - Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act
21.019	Coronavirus Relief Fund - COVID-19 Response Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: Type A - $1,023,408; Type B - $255,852

Auditee qualified as low-risk auditee?	x	yes	______	no

Section II – Financial Statement Findings

There were no findings and questioned costs related to financial statements for the year ended June 30, 2021.

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2021-001: Awarding of Direct Loans

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
Assistance Listing Number: 84.268 – Federal Direct Student Loans
Award Period: July 1, 2020 through June 30, 2021
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

Criteria
The Code of Federal Regulations, 34 CFR 685.203(a) outline the maximum subsidized loan amounts for students based on their dependency status, year of education, and other factors.

Condition
Twenty students from a statistically valid sample identified 1 student from Foothill College where the subsidized Stafford loan awarded was less than the maximum amount they were eligible for.

Questioned Costs
For the instance identified, the student was under awarded $1,000.

Context
Foothill College disbursed $1,921,786 of direct loans during the year.

Cause
The College did not appropriately determine the student's level of education when awarding the Subsidized Stafford Loan.

Effect
For the instances identified, the students were under awarded the subsidized portion of the Stafford Loan.

Repeat Finding
A similar condition was noted for De Anza College in 2019-20 (Finding No. 2020-003). No condition noted for Foothill College in 2019-20.

Recommendation
We recommend the College to evaluate its procedures and a policy around how level of education is determined and verified when packaging and awarding students.

Views of Responsible Officials and Planned Corrective Actions
Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2021-002: **Enrollment Reporting**

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
Assistance Listing Number: Various
Award Period: July 1, 2020 through June 30, 2021
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

Criteria

The Code of Federal Regulations, 34 CFR 685.309(b), states schools must have some arrangement to report student enrollment data to National Student Loan Database Student (NSLDS) through an enrollment roster file. The school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date.

Also, the Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. Regulations require the status include an accurate effective date. There are two categories of enrollment information "Campus Level" and "Program Level" both of which need to be reported accurately. Regulations require the status include an accurate effective date. In addition, regulations require that an institution return the enrollment rosters within 15 days from receipt of the rosters and make necessary corrections and resubmit to NSLDS within 10 days.

Condition

Foothill College:
Twenty students from a statistically valid sample identified the following conditions for 16 students:

1) Enrollment status was not certified every 60 days - 16 students
2) Change in enrollment status was not reported to NSLDS on a timely basis within the 60 days requirement - 3 students
3) Program begin date did not match the College's record - 1 student
4) The enrollment effective date reported to NSLDS did not match the College's record - 4 students
5) The program enrollment effective date reported to NSLDS did not match the College's record -2 students
6) The program enrollment status reported to NSLDS did not match the College's record - 1 student
7) The student's enrollment status did not match the College's Record - 1 student

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition (Continued)

De Anza College:
Twenty students from a statistically valid sample identified the following conditions for 18 students:

1) Enrollment status was not certified every 60 days - 3 students
2) Change in enrollment status was not reported to NSLDS on a timely basis within the 60 days requirement - 6 students
3) The enrollment effective date reported to NSLDS did not match the College's record - 3 students
4) The program enrollment status reported to NSLDS did not match the College's record - 3 students
5) The student's enrollment status did not match the College's record - 5 students
6) The student was enrolled in the college; however, enrollment was not reported to NSLDS - 1 student
7) The program enrollment effective date reported to NSLDS did not match the College's record - 1 student

Sixty-nine records from a statistically valid sample identified the following for 1 record:

8) The College did not correct the errors of the rosters and resubmit to NSLDS within the 10 day requirement

Questioned Costs

None

Context

The Colleges disbursed $24,728,779 in Title IV awards during the year.

Cause

The College's processes and controls did not ensure that student status changes were properly and timely reported to NSLDS.

Effect

The case identified resulted in noncompliance with the Title IV regulation.

Repeat Finding

Similar conditions were noted at Foothill College and De Anza College in the 2019-20 (Finding 2020-005).

Recommendation

We recommend that each College review their existing procedures and controls and identify necessary changes needed to ensure timely reporting of student status changes to NSLDS as required by regulations.

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2021-003: Reporting

Federal Agency: Department of Education
Federal Program: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
Assistance Listing Number: 84.425E
Award Period: July 1, 2020 through June 30, 2021
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

Criteria

In Compliance Supplement issued by Executive Office of the President Office of Management and Budget in July 2021, there is a quarterly public reporting requirement for Students Aid portions under section "ESF – Elementary and Secondary".

On August 31, 2020, Department of Education (ED) revised the electronic announcement by decreasing the frequency of reporting after the initial 30-day period from every 45 days thereafter to every calendar quarter. Grantees posting a 45-day report on or after August 31, 2020, should instead post a report every calendar quarter, with the first calendar quarter report due by October 10, 2020, and covering the period from after their last 45-day or 30-day report through the end of the calendar quarter on September 30, 2020.

On May 13, 2021, ED published an additional notice for student aid public reporting under CRRSAA and ARP, which requires that institutions publicly post certain information on their website. Institutions must publicly post their report as soon as possible, but no later than 30 days after the publication of the notice or 30 days after the date ED first obligated funds under HEERF I, II, or III to the institution for Emergency Financial Aid Grants to Students, whichever comes later. The report must be posted no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30).

Condition

During our testing, we noted 1 quarterly report out of 3 reports tested for De Anza College, which were a statistically valid sample, was not reported within the required time frame. The due date for the third quarter report was on April 10, 2021 and the report was posted on April 24, 2021. Also, we noted 3 quarterly reports out of 3 reports tested were not reviewed to ensure accuracy.

Questioned Costs

None

Context

The College disbursed $3,153,342 of HEERF payments to students during the year.

Cause

The College's processes and controls did not ensure that the report was updated within the required time frame.

Effect

The case identified resulted in noncompliance with the HEERF reporting compliance requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Repeat Finding

The condition is not a repeat finding.

Recommendation

We recommend the College to put a process in place to ensure compliance with the HEERF reporting.

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2021-004: Procurement, Suspension, and Debarment

Federal Agency: Department of Education
Federal Program: Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion
Assistance Listing Number: 84.425F
Award Period: July 1, 2020 through June 30, 2021
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

Criteria

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a passthrough entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at https://www.beta.sam.gov. (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition

Six covered transactions from a statistically valid sample identified 4 covered transactions where the District had not documented their verification that the entity was not suspended or debarred or otherwise excluded from participating in the transaction, as defined in 2 CFR section 180.995 and agency adopting regulations.

Questioned Costs

None

Context

The District had expended $2,305,594 in HEERF during the year.

Cause

The College’s processes and controls did not ensure that the compliance requirement was followed.

Effect

The case identified resulted in noncompliance with the HEERF Suspension and Debarment compliance requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Repeat Finding

The condition is not a repeat finding.

Recommendation

We recommend the District to put a process in place to ensure that the procedure was followed, which is to verify that an entity which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR sections 200.212 and 200.318(h); 2 CFR section 180.300; 48 CFR section 52.209-6).

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section IV – Findings and Questioned Costs – State Awards

There were no findings and questioned costs related to state awards for the year ended June 30, 2021.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Please refer to the attached schedule of prior year findings.

FOOTHILL-DE ANZA
Community College District

U.S. Department of Education:

Foothill-De Anza Community College District respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: 2020-21

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education

2021-001 Student Financial Aid Cluster – Federal Direct Student Loans – CFDA No. 84.268

Recommendation: It is recommended that Foothill College evaluate its procedures and a policy around how level of education is determined and verified when packaging and awarding students.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Foothill College updated the Direct Loan process to specify the need to verify grade level prior to loan origination. We will also implement a review process for all loans certified at a first-year level maximum to confirm available information that may increase the certification amount in 2021-22.

Name of the contact person responsible for corrective action: Kevin Harral, Director of Student Financial Aid

Planned completion date for corrective action plan: December 31, 2021.

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Department of Education

2021-002 Student Financial Aid Cluster – Enrollment Reporting – Various

Recommendation: It is recommended that Foothill and De Anza Colleges put a process in place to ensure compliance with the enrollment reporting regulations.

Explanation of disagreement with audit finding: There is no disagreement by Foothill College with the audit finding. De Anza College concurs with the findings, with exception to condition number eight, as the update to the National Student Loan Data System (NSLDS), roster was completed on 4/12/2021.

Action taken in response to finding:

Foothill College Response –

In the previous year, to address the enrollment reporting finding of meeting the 60-day certification to National Student Loan Data System (NSLDS), we implemented changes as described in our previous year's response. The Dean of Enrollment Services met over Zoom with National Student Clearinghouse (NSC) to review the calendared schedule for submissions for the 2021-22 year and instructions on how to submit an additional graduate only report. With the NSC's guidance, we adjusted the dates for the entire year based on Foothill's academic calendar and major deadlines to accurately report student enrollment status and graduate status. These dates were scheduled every 30 days for the college to submit new enrollment reports. The college has followed these dates and NSC should then have submitted our report to NSLDS in time.

The finding this year was surprising, as again we submitted reports every 30 days, and NCS's audit support team assured us that we should meet requirements based on the calendar updates. Foothill and De Anza will now review our processes and determine if we should continue to use the Clearinghouse to submit our NSLDS enrollment reports or submit them directly to NSLDS. We have scheduled meetings with our Educational Technology Services (ETS) to review and change our process moving forward.

As this will take time, we will also work with NSC to ensure the timeliness of the next few reports. The Dean of Enrollment Services will take over the submissions until our review with ETS is complete. There will also be scheduled meetings with NSC in weeks to come to review the students' accounts outlined in the findings. We are currently awaiting availability from their audit team.

De Anza College Response –

Per our transmission schedule, we are submitting our reports within the required timeframe. There are additional error reports that need to be reviewed via the Clearinghouse after our updates to the error resolution report. This will ensure proper enrollment data is submitted for those students whose records have been rejected by NSLDS. With regard to the program enrollment information, we will be meeting with ETS to review set up files that are submitted, to ensure the current student information is reported.

Names of the contact persons responsible for corrective action: Anthony Cervantes, Dean Enrollment Services at Foothill College and Nazy Galoyan, Dean Enrollment Services, De Anza College.

Planned completion date for corrective action plan: December 31, 2021.

Department of Education

2021-003 Higher Education Emergency Relief Fund (HEERF) Student Aid – Reporting – CFDA No. 84.425E

Recommendation: We recommend De Anza College to put a process in place to ensure compliance with the HEERF reporting.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: De Anza College has calendared the due dates for reporting the Student Aid Reporting HEERF to ensure reports are submitted on time.

Name of the contact person responsible for corrective action: Lisa Mandy, Director of Student Financial Aid

Planned completion date for corrective action plan: Beginning with the first report due in January of 2022.

Department of Education

2021-004 Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion – Suspension and Debarment – CFDA No. 84.425F

Recommendation: It was recommended that the District put a process in place to ensure that the procedure was followed, which is to verify that an entity which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR sections 200.212 and 200.318(h); 2 CFR section 180.300; 48 CFR section 52.209-6).

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

1. It is important to note that all of the sampled PO's were in-compliance with the District's existing "Federal Grant Purchasing Guidelines for Purchases >$100K" as published on the Purchasing Website (not applicable to small purchases). At the time, it was believed that this would meet all federal requirements.

2. Prior to the Audit, as of August 6, 2021, Purchasing implemented the use of the PO Federal Grant Clause #220 (to include applicable Federal grant contract clauses) and made it available on the Banner System for Purchasing Staff use. In addition, on November 2, 2021, Director of Purchasing, issued a reminder to the Purchasing staff to use PO Clause #220 for all federal grant purchases. Completed.

3. Based on the Finance Audit that commenced in October 2021 and the subsequent Auditor's finding, the following action will be taken to include the now lower threshold of ≥$25K for checking suspension and debarment:

    a. On November 16, 2021, the Director of Purchasing advised Purchasing Staff by email that they check and document the suspension and debarment (SAM website) for purchases ≥$25K, effective immediately, until the formal guidelines can be updated. Completed.
    b. Director of Purchasing to update the existing "Federal Grant Guidelines" to require suspension and debarment check on SAM website for purchases ≥$25K in accordance with federal guidelines. Target Date: As soon as possible, but no later than January 31, 2022.

Name of the contact person responsible for corrective action: Maria Contreras-Tanori, Director of Purchasing

Planned completion date for corrective action plan: As soon as possible, but no later than January 31, 2022.

FOOTHILL-DE ANZA
Community College District

U.S. Department of Education:

Foothill-De Anza Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 to June 30, 2020.

The findings from the prior audit's schedule of findings and questioned costs are discussed below by individual college. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 001 Student Financial Aid Cluster- Outstanding Refund Checks

Condition: It was noted during audit testing that checks totaling $37,656 from Foothill College and $51,113 from De Anza College related to students refunds of the Title IV awards were not returned to the Department of Education within the prescribed timeframe.

Status: The Corrective Action Plan was implemented by the District, De Anza College, and Foothill College during the 2019-20 academic year.

2020 – 002 Student Financial Aid Cluster- Reconciliations of Direct Loans
Condition: It was noted during audit testing that Foothill College did not perform the monthly reconciliations between the COD and students accounts during the year.

Status: The Corrective Action Plan was implemented by Foothill College during the 2019-20 academic year.

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Summary Schedule of Prior Year Audit Findings

2020 – 003 Student Financial Aid Cluster- Awarding of Direct Loans

Condition: It was noted during audit testing that 2 instances out of 20 students tested at De Anza College where the subsidized Stafford loan awarded to the student was over or less than the maximum amount they were eligible for.

Status: The Corrective Action Plan was implemented by De Anza College during the 2019-20 academic year.

2020 – 004 Student Financial Aid Cluster- COD Reporting

Condition: It was noted during audit testing that 1 of the 30 disbursements was not reported within the required 15 days in COD. This condition was noted for the student attending Foothill College.

Status: The Corrective Action Plan was implemented by Foothill College during the 2019-20 academic year.

2020 – 005 Student Financial Aid Cluster- Enrollment Reporting

Condition: It was noted during audit testing that 1) For 2 out of 40 students tested, Foothill College incorrectly reported the enrollment status of the students who graduated as withdrawn. 2) For 25 out of 40 students tested, the students' enrollment status was not certified within 60 days. This condition was noted for 8 students attending Foothill College and 17 students attending De Anza College.

Status: See current year finding 2021-002.

If the Department of Education has questions regarding this schedule, please call Susan Cheu, Vice Chancellor, Business Services at (650) 949-6202.

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