FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SANTA CLARA COUNTY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Foothill-De Anza Community College District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of a Matter

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foothill-De Anza Community College District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foothill-De Anza Community College District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of the District's pension contributions (CalSTRS-STRP and CalPERS-Schools Pool Plan), and schedule of changes in the net postemployment healthcare benefits liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foothill-De Anza Community College District's basic financial statements. The schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation and schedule of education protection act expenditures report, 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,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation and schedule of education protection act expenditures report, including the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the history and organization but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of the Foothill-De Anza Community College 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 Foothill-De Anza Community College 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 Foothill-De Anza Community College District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 3, 2023

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, 2022. 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:

	2022	2021	Net Change
ASSETS			
Current Assets	$ 148,264	$ 127,747	$ 20,517
Noncurrent Assets	682,992	721,652	(38,660)
Total Assets	831,257	849,399	(18,142)
DEFERRED OUTFLOWS OF RESOURCES	88,032	96,510	(8,478)
LIABILITIES			
Current Liabilities	141,354	120,327	21,027
Noncurrent Liabilities	1,043,975	1,195,390	(151,415)
Total Liabilities	1,185,329	1,315,717	(130,388)
DEFERRED INFLOWS OF RESOURCES	106,999	28,955	78,044
NET POSITION			
Net Investment in Capital Assets	(208,778)	(203,413)	(5,365)
Restricted	89,350	100,771	(11,421)
Unrestricted	(253,612)	(296,121)	42,509
Total Net Position	$ (373,039)	$ (398,763)	$ 25,724

Assets

Total assets changed over last year by a net decrease of $18.1 million as a result of a net $20.5 million increase in current assets combined with a net $38.7 million decrease of noncurrent assets. The major changes affecting total assets are listed below:

- The net $20.5 million increase in current assets is mainly due to a $36.8 million increase in cash and $15.6 million decrease in accounts receivable with other categories resulting in the minor remaining amount.
    - $36.8 million in increase of cash is mainly linked with an influx of new restricted grants or increased levels of funding on existing restricted grants of $16.6 million and $8.7 million in state scheduled maintenance. The unrestricted general fund carried approximately $6 million more in cash over last year with the remaining $5.5 million a combination of net activity across other funds.
    - Accounts Receivable decrease of $15.6 million is mostly attributable to the resolution of two significant prior year receivable balances in restricted state grants, CVC-OEI and Student Equity and Achievement (SEA).
- Noncurrent assets decreased by a net $38.7 million which is almost all due to a $40.2 million decrease in capital assets made up of routine depreciation and asset retirement/transfers offset by a slight $2.2 million increase in capital assets not being depreciated or construction-in-progress from the start of the planning and foundational programmatic phases and expenses under the new Measure G Bond program's capital construction activity.

STATEMENT OF NET POSITION (CONTINUED)

Liabilities

Total liabilities decreased by approximately net $130.4 million over prior year. The major changes affecting total liabilities are listed below:

- Current liabilities increased by a net $21 million due to a $12.7 million increase in unearned revenue from increased state grant allocations that had yet to be expended by year-end. These include $8.7 million in scheduled maintenance, $5.2 million in instructional capital outlay, and other changes in deferred revenue balances. An increase in Accounts Payable of $4.1 million namely from vendor outstanding activity in capital construction with a net $5.1 million in accrued liabilities due a reduction from the payout of retroactive classification and compensation study costs coupled with increase in accrual for negotiated COLA (cost-of-living) and other salary and benefit increases that were finalized late in the fiscal year.

- Noncurrent liabilities experienced a $151.4 million decrease with the major change due to a combined $154.3 million pension liability decrease offset by a net $2.9 million increase in bonds payable, claims, and other liabilities. The significant pension liability decrease is comprised of $101 million for STRS, $45.3 million for PERS, and $8 million OPEB liability change resulting from strong measurement date valuations that are a year in arrears at June 2021. The measurement date captured the unprecedented investment results from the favorable stock market activity that occurred during that period. Based on known market declines since then, we are expecting another significant variance adjusting in the opposite direction next fiscal year.

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:

	2022	2021	$ Change	% Change
OPERATING REVENUES				
Net Tuition and Fees	$ 40,151	$ 46,803	$ (6,652)	(14.2)%
Grants and Contracts, Noncapital	69,620	82,080	(12,460)	(15.2)
Auxiliary Sales, Net	(409)	443	(852)	(192.3)
Other	1,691	2,470	(779)	(31.5)
Total Operating Revenues	111,053	131,796	(20,743)	(15.7)
OPERATING EXPENSES				
Salaries	158,128	148,245	9,883	6.7
Benefits	37,597	62,746	(25,149)	(40.1)
Supplies, Materials, and Other Operating Expenses	52,650	67,115	(14,465)	(21.6)
Financial Aid	39,293	34,334	4,959	14.4
Utilities	4,053	2,930	1,123	38.3
Depreciation	45,002	49,592	(4,590)	(9.3)
Total Operating Expenses	336,723	364,962	(28,239)	(7.7)
OPERATING LOSS	(225,670)	(233,166)	7,496	(3.2)
NONOPERATING REVENUES AND EXPENSES				
State Apportionments, Noncapital	44,144	25,765	18,379	71.3
Federal Grants and Contracts	40,916	27,463	13,453	49.0
Local Property Taxes	112,981	116,498	(3,517)	(3.0)
State Taxes and Other Revenues	7,554	7,367	187	2.5
Interest and Investment Income	1,179	1,355	(176)	(13.0)
Transfer to OPEB Trust	(1,500)	(1,500)	-	-
Other Nonoperating Revenue	1,116	1,268	(152)	(12.0)
Total Nonoperating Revenues	206,390	178,216	28,174	15.8
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(19,280)	(54,950)	35,670	(64.9)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	45,004	36,926	8,078	21.9
CHANGE IN NET POSITION	$ 25,724	$ (18,024)	$ 43,748	-242.7%

Operating Revenues

Total Operating Revenues decreased over last year by a net $20.6 million or 15.7% mainly due to the continued decline in enrollment and service based activity as a result of the COVID-19 pandemic, but with some bolstering support from the Covid-19 Higher Education Emergency Relief Funds (HEERF).

Full-Time Equivalent (FTES) enrollment, both nonresident and resident, fell by 3,506 or 14.2% which accounted for $4.1 million and $3.5 million revenue loss respectively. These amounts netted with positive amounts from childcare fees and student fees that benefitted from HEERF support comprised the $6.6 million change in Net Tuition and Fees. The Grants and Contracts $12.4 million or 15.1% decline was associated with a $15.5 million decrease in the CVC/OEI grant activity coupled with $3.1 million increases in state and federal grants revenue. Auxiliary enterprise operations, bookstore and dining services, posted a loss overall for a decline of $853 thousand which was a direct effect of the bookstore transition to an outsourcing operational model and the final close out of all District managed financial activity. Lower student onsite campus presence contributed to reduced sales in dining services and other operating revenues loss of $779 thousand.

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

Operating Expenses

Total Operating Expenses decreased $28.2 million year-over-year overall at 7.7%. Items of significance affecting the net changes include:

- Salaries experienced a 6.7% rise at a net $9.9 million variance mainly due to an increase in salary applied for a 5.07% cost-of-living adjustment (COLA) and other negotiated ongoing and one-time compensation increases. However, benefits reflected an unusual net $25.1 million or 40.1% decrease over prior year. Although employer payroll related benefits, health benefits and pension contributions rose, these increases were offset by an unusual net pension valuation change that caused a significant reduction in expense recognized as compared to prior fiscal year that constituted over $20.7 million of the reduction in benefits expenses.

- The $14.5 million or 21.6% decrease in supplies, materials, and other operating expense was due to a combination of a net increase of $1.8 million in supplies that reflected slight increase in activity related to partial return to onsite services and small increase in operating expenses, but a reduction of $16.3 million in operation which can be traced mostly to a single program's decreased activity, CVC/OEI, which had a significant $15.6 million reduction in the operating expense category.

- Financial Aid's increase in expense of $4.9 million or 14.4% was largely due to higher direct student aid distribution million in COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants.

- Utilities increased by $1.1 million or 38.3% which correlates to a staffing and student return to some onsite presence during the fiscal year.

- The $4.6 million depreciation expense decrease was associated with a return to baseline from prior year's change in accounting estimate for certain asset useful lives.

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

Nonoperating Revenues

Nonoperating Revenues increased by $28.1 million over prior year or 15.8% as a result of the following net effect:

- The state apportionment $18.4 million increase is primarily due to $8 million in new revenue for the 5.07% cost-of-living increase provided by the state on the base apportionment revenue. A separate increase of $7 million in revenues is related to the state funding model calculated shift between local and state revenue sources to achieve the district's entitled total revenue under the student center funding formula. Therefore, the $3.5 million decline in local student resident enrollment fees and decrease of $3.5 million in local property tax local sources requires state apportionment to correspondingly increase to compensate. The remaining $3.4 million increase is attributable to $2.6 million in additional full-time faculty hiring funds, apprenticeship apportionment and prior year apportionment adjustments.

- Federal grants and contracts increased by a net $13.3 million and is comprised of $16.4 million in increased spending in COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants which is offset by $1.9 million in lower PELL grants and over $1 million in COVID Response Block Grant federal to state pass-through sources.

Other Revenues

The increase of $8.1 million in Other Revenues and Expenses is connected with $9.4 reduced interest expense for capital debt that is offset by a net $1.3 million in higher county property tax revenue collections for current and advanced debt service obligations for recently issued bonds and other capital related revenues and investment income.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had approximately $1.2 billion invested in capital assets. These assets had an accumulated depreciation of $712.3 million leaving the net capital asset value at $503.8 million which consists of land, construction in progress, buildings and improvements, vehicles, data processing equipment, and other office equipment. There are $6.4 million in assets not being depreciated or work-in-progress which is a slight $2.2 million increase over prior year due to the early planning of capital construction activity associated with the Measure G Bond program. Depreciation expense of $45.0 million was recorded for fiscal year 2021-2022.

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:

	2022	2021	Net Change
Land and Construction in Progress	$ 6,413	$ 4,256	$ 2,157
Buildings and Equipment	1,209,720	1,205,119	4,601
Accumulated Depreciation	(712,295)	(667,536)	(44,759)
Total Capital Assets	$ 503,838	$ 541,839	$ (38,001)

Debt

At June 30, 2022, the District had $1.1 billion in debt with a net decrease of $150 million over prior year. The significant decrease of $103.1 million in net pension liability along with the $8 million OPEB liability was due to strong measurement date valuations that are a year in arrears at June 2021. The measurement date captured the unprecedented investment results from the favorable stock market activity that occurred during that period. The other major decrease of $39.7 million in bonds and notes payable mostly represents current year bond payments and a $1.2 million reduction from another year payment against the Supplementary Employee Retirement Plan. These decreases were offset by minor increases in other areas. Notes 8 through 14 provide additional information on long-term liabilities. A comparison is summarized herein.

Debt in thousands as of June 30 :

	2022	2021	Net Change
Compensated Absences	$ 7,961	$ 7,157	$ 804
Leases Payable	45	-	45
Claims Liability	5,381	4,174	1,207
Supplemental Employee Retirement Plan	2,435	3,652	(1,217)
Bonds and Notes Payable	883,480	923,177	(39,697)
OPEB Liability	68,278	76,315	(8,037)
Medicare Premium Program	832	780	52
Net Pension Liability	132,798	235,878	(103,080)
Total Long-Term Liabilities	$ 1,101,210	$ 1,251,133	$ (149,923)

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

The Adopted Budget for fiscal year 2022-23 reflects the positive economic conditions being experienced in California, albeit with increasing concern about the future economic stability of the state. Fears of the potential effects of inflation and a possible recession continue to guide the conservative trend of allocating one-time versus ongoing money for new spending, allowing the state to roll-back funding in future years if needed. A recent economic report from the Legislative Analyst's Office is showing a severe budget shortfall facing California in 2023-24, though it appears that K-14 may be somewhat insulated from these challenges, at least temporarily.

The 2022-23 State Budget brought an increase to apportionment revenue for Foothill-De Anza. The 6.56% Cost-of-living adjustment (COLA) resulted in $10.8 million in additional resources to the District. Due to its Hold Harmless status, the District is not operating under the Student Centered Funding Formula (SCFF) metrics, so the increase to the base, supplemental and success allocation of the SCFF did not result in a higher revenue amount, though it did reduce the amount of Hold Harmless the District currently requires to $7 million, which is important in light of the changes to the Hold Harmless provision.

The proposed change to the Hold Harmless funding, namely setting a district's funding "floor" at the amount it earns in the 2024-25 fiscal year was approved in the final state budget. Effective in 2025-26, districts will be funded at either the amount generated under the SCFF or the 2024-25 "floor", whichever amount is higher. The intent is to mitigate the potential "cliff" that might be experienced when a district is required to drop from Hold Harmless to SCFF funding. Cost-of-living adjustments (COLA) will not be applied to this new "floor" unless specifically addressed in the state's annual budget language. Therefore, a district would be frozen at this revenue level until its earned SCFF funding through the District's performance exceeds the "floor" using the defined formula metrics. The District anticipates remaining under Hold Harmless until the funding's scheduled end in the 2024-25 fiscal year. After this time, barring any increases to base funding or specific budget allocations, the District would need to grow its FTES and improve its supplemental and student success metrics in order to increase its revenue allocation from the state. The District is not likely to achieve basic aid/community supported status in the near future.

As previously noted, the District also received numerous one-time funding allocations. The system continues to receive information about the allocation process and requirements for many of these new one-time and ongoing funding sources. While recovery from the pandemic is still a primary concern, part-time faculty insurance, enrollment strategies, basic needs and housing were among priorities that also received specific allocations. It is also worth noting that in some cases the ability to receive funding is being tied to completely unrelated metrics. For example, to receive the block grant funding intended to mitigate pandemic effects, a district must report detailed part-time faculty medical coverage data, some of which is not readily available. This tendency to distribute funding through smaller, specifically focused funding programs may have additional impacts on resource needs for planning and reporting.

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

In addition to revenue, several other key factors continue to be monitored, in particular the change in FTES, the likely ongoing expense growth versus the unlikely ongoing revenue growth, continued pandemic effects, and financial reserve levels. The latter is especially critical considering the State Chancellor's Office recommendation that districts maintain two months of average operating expenses as a reserve in lieu of the traditional 5%. For the District, this would change the district's current 5% reserve from approximately $10 million to closer to $34 million, while this total would include the balances in the carryforwards and the stability fund, it is still a significant increase.

Enrollment for both resident and nonresident students continues to be monitored closely. The final resident enrollment results for 2021-22 were 20,722 FTES, a loss of 12% or 2,883 resident FTES from last fiscal year. Fall enrollment indicators are showing a continued decline in resident enrollment, albeit smaller than that experienced in 2021-22. The units take by nonresident students decreased 12%, or just under half the loss of units over the last two years. The current unit enrollment reports from summer and early fall terms show a stabilization of the number of units taken by non-resident students, resulting in a slight revenue increase due to the per unit increase approved by the Board of Trustees in February 2022, however our experience has been a decline in units taken each subsequent term from attrition as the academic year progresses. We will continue to monitor enrollment trends as we move through the fiscal year.

The Adopted Budget has a deficit operating result of $766,000 and an ending fund balance of $28.2 million. The District's Stability Fund balance is intended to offset shortfalls at the end of the year and has done so for many of the last few fiscal years. In the past, it has also provided for strategic deficit spending during budget reductions, allowing a longer planning time to minimize layoffs and other impacts. The Stability Fund balance at June 30, 2023 is estimated at $1.9 million, a low amount in any circumstance, but especially given the possible economic challenges and ending of Hold Harmless.

Despite its funding status, either SCFF, Hold Harmless 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, having a stability fund to compensate for short-term unexpected shortfalls and allow for long-term planning is essential in keeping the finances of the District stable and allowing for the continued support of our students as we adjust to any upcoming changes.

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

Looking Beyond 2022-23

Actions taken during the next few years will clearly define the fiscal needs and health of the District. The extension and establishment of a new "floor" for the Hold Harmless funding is beneficial, but it's crucial that the District use these two years to plan and position itself for a circumstance where its ongoing revenue may be static, or potentially decline as has been proven with unstable nonresident revenue. The district-wide reimagining effort that is being conducted in 2022-23 is a prime opportunity to not only look at how the District provides educational opportunities for its students, but also to establish financial priorities and targets, including healthy reserves.

Renewed attention to SCCF student success metrics is a priority, an action that by necessity has not played a key role in the last few years due to pandemic challenges. During this time the District has been extremely fortunate to benefit from the revenue stability and COLA increases provided under Hold Harmless since 2018-19, even though enrollment was rapidly declining. Managing the SCFF student success metrics and understanding the impact for each College are key components to better position the District to continue to grow after Hold Harmless ends. Enrollment growth is still very relevant because it constitutes 70% of the current SCFF funding formula.

As always, 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, faculty, staff, and community.

The District also continues to be committed to addressing long-term liabilities, specifically Other Postemployment Benefits (OPEB). Consistent with prior years, the adopted budget for fiscal year 2021-22 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 2021-22 fiscal year, a full actuarial study was prepared under the GASB 74/75 accounting standard to revise the liability. The report, dated February 18, 2022, with a valuation date of June 30, 2021, and measurement date of June 30, 2021, calculated the District's Total OPEB Liability at $101,774,285. Per CalPERS CERBT, the market value of the asset funds held within the irrevocable trust as of June 30, 2022 was $30,245,035.

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, 2022

	Primary Government	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 128,442,676	$ 1,152,410
Accounts Receivable, Net	13,888,446	64,283
Inventory	15,353	-
Prepaid Expenses	4,818,886	14,287
Due from Fiduciary Funds	-	-
Due from Foundations	1,099,116	-
Total Current Assets	148,264,477	1,230,980
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	179,109,585	-
Investments	-	47,289,024
Lease Asset, Net of Amortization	44,424	-
Capital Assets, Not Being Depreciated	6,412,927	-
Capital Assets, Net of Accumulated Depreciation	497,425,479	-
Total Noncurrent Assets	682,992,415	47,289,024
Total Assets	831,256,892	48,520,004
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	34,205,548	-
Deferred Outflows - Pensions	40,793,282	-
Deferred Outflows - OPEB	13,032,781	-
Total Deferred Outflows of Resources	88,031,611	-
Total Assets and Deferred Outflows of Resources	$ 919,288,503	$ 48,520,004

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government	Component Unit
CURRENT LIABILITIES		
Accounts Payable	$ 16,324,694	$ 799,424
Accrued Liabilities	17,784,961	-
Accrued Interest	8,361,216	-
Unearned Revenue	41,648,189	-
Current Portion of Long-Term Liabilities	57,234,797	-
Total Current Liabilities	141,353,857	799,424
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Liabilities	1,043,974,833	-
Total Noncurrent Liabilities	1,043,974,833	-
Total Liabilities	1,185,328,690	799,424
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	95,546,836	-
Deferred Inflows - OPEB	11,451,900	-
Total Deferred Inflows of Resources	106,998,736	-
NET POSITION		
Net Investment in Capital Assets	(208,777,642)	-
Restricted for:		
Debt Service	69,886,152	-
Scholarship and Loans	15,026	-
Other Special Purposes	19,449,290	-
Donor Restricted	-	38,820,314
Unrestricted	(253,611,749)	8,900,266
Total Net Position	(373,038,923)	47,720,580
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 919,288,503	$ 48,520,004

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, 2022

	Primary Government	Component Unit
OPERATING REVENUES		
Tuition and Fees (Gross)	$ 49,562,281	$ -
Less: Scholarship Discounts and Allowances	(9,411,553)	-
Net Tuition and Fees	40,150,728	-
Grants and Contracts, Noncapital		
Federal	1,781,414	-
State	66,951,112	-
Local	887,869	3,985,501
Auxiliary Sales, Net	(409,073)	-
Other	1,691,070	-
Total Operating Revenues	111,053,120	3,985,501
OPERATING EXPENSES		
Salaries	158,127,709	2,052,261
Employee Benefits	37,597,075	698,477
Supplies, Materials, and Other Operating Expenses and Services	52,650,339	1,214,732
Financial Aid and Scholarships	39,292,939	1,156,626
Utilities	4,052,510	-
Depreciation	45,001,855	-
Total Operating Expenses	336,722,427	5,122,096
OPERATING LOSS	(225,669,307)	(1,136,595)
NONOPERATING REVENUES (EXPENSES)		
State Apportionments, Noncapital	44,143,822	-
Federal Grants and Contracts	40,916,077	-
Local Property Taxes	112,980,924	-
State Taxes and Other Revenues	7,554,197	-
Interest and Investment Income	1,179,483	(8,886,533)
Transfer Out to OPEB Trust	(1,500,000)	-
Other Nonoperating Revenue	1,115,505	-
Total Nonoperating Revenues (Expenses)	206,390,008	(8,886,533)
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(19,279,299)	(10,023,128)
OTHER REVENUES, EXPENSES, GAINS, AND LOSSES		
State Apportionments, Capital	74,619	-
Local Property Taxes and Revenues, Capital	72,321,955	-
Interest and Investment Income, Capital	782,748	-
Interest Expense and Cost of Issuing Capital Asset-Related Debt	(29,717,231)	-
Local Revenue, Grants and Gifts, Capital	1,541,770	-
Total Other Revenues, Expenses, Gains and Losses	45,003,861	-
CHANGES IN NET POSITION	25,724,562	(10,023,128)
Net Position - Beginning of Year	(398,763,485)	57,743,708
NET POSITION - END OF YEAR	$ (373,038,923)	$ 47,720,580

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2022

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 39,223,328	$ -
Federal Grants and Contracts	2,165,576	-
State Grants and Contracts	92,856,897	-
Local Grants and Contracts	6,144,347	3,765,865
Sales	22,603	-
Payments to Suppliers	(52,864,567)	(653,729)
Payments to/on Behalf of Employees	(215,526,493)	(2,884,325)
Payments to/on Behalf of Students	(39,292,939)	(1,477,777)
Net Cash Used by Operating Activities	(167,271,248)	(1,249,966)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Apportionments and Receipts	46,728,731	-
Property Taxes	111,409,569	-
Grants and Gifts for Other Than Capital Purposes	46,307,128	-
Endowed and Quasi-Endowed Donations	-	921,752
Local, Nonoperating	(384,495)	-
Net Cash Provided by Noncapital Financing Activities	204,060,933	921,752
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Apportionment for Capital Purposes	74,619	-
Net Purchases of Capital Assets	(5,621,497)	-
Local Revenue for Capital Purposes	73,863,725	-
Interest on investments, capital funds	700,829	-
Principal Paid on Capital Debt	(50,082,155)	-
Interest Paid on Capital Debt	(20,613,701)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,678,180)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,034,042	1,039,070
Purchase of Investments	-	(3,470,252)
Proceeds from Sale of Investments	-	1,932,256
Net Cash Provided (Used) by Investing Activities	1,034,042	(498,926)
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,145,547	(827,140)
Cash Balance - Beginning of Year	271,406,714	1,979,550
CASH BALANCE - END OF YEAR	$ 307,552,261	$ 1,152,410
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 128,442,676	
Restricted Cash and Cash Equivalents	179,109,585	
Total Cash	$ 307,552,261	

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2022

	Primary Government	Component Unit
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (225,669,307)	$ (1,136,595)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	45,001,855	-
Changes in Assets and Liabilities:		
Receivables, Net	13,745,997	(49,660)
Inventory	1,182,108	-
Prepaid Expenses	(135,434)	(14,287)
Due from Foundations	(290,128)	-
Deferred Outflows of Resources - Pensions and OPEB	6,157,168	-
Accounts Payable	2,791,605	84,163
Accrued Liabilities	5,051,122	(133,587)
Unearned Revenue	15,799,978	-
Compensated Absences	804,231	-
Claims Liability	1,206,149	-
Supplemental Early Retirement Incentive	(1,217,383)	-
Medical Premium Program	1,269,913	-
Net OPEB Liability	(8,036,876)	-
Deferred Inflows of Resources - Pensions	78,043,829	-
Net Pension Liability	(103,079,862)	-
Net Cash Used by Operating Activities	$ (167,375,035)	$ (1,249,966)

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 20 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, 2022, 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.

Adoption of New Accounting Standards – GASB Statement No. 87, *Leases*

In June 2017, the GASB issued GASB Statement No. 87, *Leases.* This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The district adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a right-to-use asset and a lease liability disclosed in Note 13.

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, 2022, $6,517,682 of the District's bank balance of $6,767,682 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, 2022 is measured at 0.98% 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, 2022 are as shown as follows:

Cash on Hand and in Banks	$ 5,380,137
Cash in Revolving Accounts	12,460
Cash in County Treasury	302,159,664
Total Cash and Cash Equivalents	$ 307,552,261

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, 2022.

- 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, 2022 consists of the balances shown as follows:

Federal and State	$ 7,211,220
Student	7,642,707
Less: Allowance for Bad Debt	(2,356,074)
Miscellaneous	1,390,593
Total Accounts Receivable	$ 13,888,446

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, 2022 is shown as follows:

	Balance July 01, 2021	Additions	Retirements and Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 2,489,777	$ -	$ -	$ 2,489,777
Construction in Progress	1,766,028	4,551,735	(2,394,613)	3,923,150
Total Capital Assets Not Being Depreciated	4,255,805	4,551,735	(2,394,613)	6,412,927
Capital Assets Being depreciated:				
Land Improvements	227,009,861	-	-	227,009,861
Buildings and Improvements	904,358,981	2,471,244	-	906,830,225
Equipment and Software	73,750,294	2,372,990	(243,177)	75,880,107
Total Capital Assets Being Depreciated	1,205,119,136	4,844,234	(243,177)	1,209,720,193
Less: Accumulated Depreciation for:				
Land Improvements	(152,691,171)	(13,041,428)	-	(165,732,599)
Buildings and Improvements	(449,860,921)	(29,214,412)	-	(479,075,333)
Equipment	(64,983,944)	(2,746,015)	243,177	(67,486,782)
Total Accumulated Depreciation	(667,536,036)	(45,001,855)	243,177	(712,294,714)
Depreciable Assets, Net	537,583,100	(40,157,621)	-	497,425,479
Capital Assets, Net	$ 541,838,905	$ (35,605,886)	$ (2,394,613)	$ 503,838,406

Depreciation expense of $45,001,855 was recorded during the year.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2022 consists of the amounts shown as follows:

Accounts Payable:	
Vendors	$ 16,267,508
Retention	57,186
Total Accounts Payable	16,324,694
Accrued Liabilities:	
Payroll and Benefits	13,357,600
Accrued Expenses	4,427,361
Total Accrued Liabilities	17,784,961
Total Accounts Payable and Accrued Liabilities	$ 34,109,655

NOTE 6 UNEARNED REVENUE

Unearned revenue at June 30, 2022 consists of the amounts shown as follows:

Federal Financial Assistance	$ 68,710
State Categorical Aid	23,304,606
Other State	9,732,867
Enrollment Fees	5,109,354
Other Local	3,432,652
Total Unearned Revenue	$ 41,648,189

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, 2022, 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	$ 55,974,840	$ 23,181,052	$ 60,467,488	$ (296,273)
CalPERS - Schools Pool Plan	76,823,484	17,612,230	35,079,348	5,243,875
Total	$ 132,798,324	$ 40,793,282	$ 95,546,836	$ 4,947,602

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, 2022, 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	16.920%	16.920%
Required State Contribution Rate	10.828%	10.828%

Contributions

Required member, District and state of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The 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, 2022 are presented above and the total District contributions were $11,480,264.

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

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

	June 30, 2022
District Proportionate Share of Net Pension Liability	$ 55,974,840
State's Proportionate Share of the Net Pension Liability Associated With the District	28,164,955
Total	$ 84,139,795

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2021, the District's proportion was 0.1230% which is a decrease of 0.0030% from its proportion measured as of June 30, 2020.

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, 2022, the District recognized pension expense of $(296,273). In addition, the District recognized revenue and corresponding expense of $6,373,004 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 11,480,264	$ -
Difference Between Expected and Actual Experience	140,220	5,956,890
Change in Assumptions	7,931,040	-
Change in Proportion	3,629,528	10,233,058
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	44,277,540
Total	$ 23,181,052	$ 60,467,488

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, 2023. 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, 2021 measurement date is seven years.

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

Year Ending June 30,	Amortization
2023	$ (11,967,443)
2024	(9,637,892)
2025	(12,494,127)
2026	(13,468,995)
2027	(230,267)
2028	(967,976)
Total	$ (48,766,700)

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, 2020, and rolling forward the total pension liability to June 30, 2021. 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, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS 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)

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

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%)	$ 113,944,740
Current Discount Rate (7.10%)	55,974,840
1% Increase (8.10%)	7,860,930

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.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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, 2022, 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	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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, 2022 are as presented above and the total District contributions were $13,827,325.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $76,823,484. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.3778% which is an increase of 0.0070% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $5,243,875. At June 30, 2022, 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	$ 13,827,325	$ -
Difference Between Expected and Actual Experience	2,293,378	181,105
Changes of Assumptions	-	-
Changes in Proportion	1,491,527	5,415,676
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	29,482,567
Total	$ 17,612,230	$ 35,079,348

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, 2023. 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, 2021 measurement date is four years.

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

Year Ending June 30,	Amortization
2023	$ (8,319,222)
2024	(7,960,865)
2025	(6,814,681)
2026	(8,199,675)
Total	$ (31,294,443)

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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, 2020, and rolling forward the total pension liability to June 30, 2021. 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, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

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.

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)

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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 1% lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	$ 129,535,181
Current Discount Rate (7.15%)	76,823,484
1% Increase (8.15%)	33,061,465

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	787
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	872
Total	1,659

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 $8,903,972 to the plan, including the implicit rate subsidy, for fiscal year ended June 30, 2022.

Net OPEB Liability

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

	Balance June 30, 2022
Total OPEB Liability	$ 101,774,285
Plan Fiduciary Net Position	33,496,009
District's Net OPEB Liability	$ 68,278,276
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	32.91%

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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, 2022, was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2020	$ 101,218,806	$ 24,903,654	$ 76,315,152
Changes for the Year:			
Service Cost	490,842	-	490,842
Interest	7,102,496	7,102,132	364
Employer Contributions to Trust	-	1,500,000	(1,500,000)
Employer Contributions as Benefit Payments	-	7,457,527	(7,457,527)
Benefit Payments	(7,457,527)	(7,457,527)	-
Administrative Expenses	-	(9,777)	9,777
Experience (Gains) Losses	(3,786,328)	-	(3,786,328)
Change in Assumption	4,205,996	-	4,205,996
Other	-	-	-
Net Changes	555,479	8,592,355	(8,036,876)
Balances - June 30, 2021	$ 101,774,285	$ 33,496,009	$ 68,278,276

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 6.75%.

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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, 2023. 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	$ 8,903,972	$ -
Difference Between Experience Gains and Losses	15,024	(7,183,617)
Change of assumptions	3,578,233	-
Difference Between Investment Gains and Losses	535,550	(4,268,283)
Total	$ 13,032,779	$ (11,451,900)

At June 30, 2022, the deferred inflows, excluding the contributions, and outflows will be amortized as shown herein:

Year Ending June 30,	Amortization
2023	$ (1,929,879)
2024	(1,906,971)
2025	(1,933,617)
2026	(1,659,109)
2027	62,637
Thereafter	43,846
Total	$ (7,323,093)

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 6.75%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point1 higher (7.75%) than the current rate:

Discount Rate	Net OPEB Liability
1% Decrease (5.75%)	$ 77,376,046
Current Discount Rate (6.75%)	68,278,276
1% Increase (7.75%)	60,421,402

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%)	$ 59,845,046
Current Healthcare Trend Rate (4.0%)	68,278,276
1% Increase (5.0%)	77,994,219

OPEB Expense

For the year ended June 30, 2022, the District recognized OPEB expense of $3,877,821.

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, 2022 is $2,434,766.

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, 2022 is shown as follows:

	Balance July 01, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due in One Year
General Obligation Bonds	$ 875,284,788	$ 13,656,790	$ 50,053,817	$ 838,887,761	$ 54,224,570
Premiums, Net of Amortization	47,892,232		3,300,393	44,591,839	-
Total Bonds Payable	923,177,020	13,656,790	53,354,210	883,479,600	54,224,570
Compensated Absences	7,156,749	804,231		7,960,980	240,357
Leases Payable	-	73,112	28,338	44,774	18,041
Claims Liability	4,174,467	1,206,149		5,380,616	1,534,446
Supplemental Employee Retirement Plan	3,652,149		1,217,383	2,434,766	1,217,383
OPEB Liability	76,315,152		8,036,876	68,278,276	-
Medicare Premium Program (MPP)	779,764	52,530		832,294	-
Net Pension Liability	235,878,186		103,079,862	132,798,324	-
Total Other Liabilities	327,956,467	2,136,022	112,362,459	217,730,030	3,010,227
Total Long Term Debt	$ 1,251,133,487	$ 15,792,812	$ 165,716,669	$ 1,101,209,630	$ 57,234,797

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 0.2087%. 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 55% 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, 2022
Measure E (1999) General Obligation Bonds					
Series A	5/3/2000	8/1/2030	4.30 - 6.26%	$ 99,995,036	$ 9,444,073
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	-
2012 General Obligation Refunding Bonds	5/3/2012	8/1/2030	0.25 - 5.00%	70,735,000	6,180,000
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	8/1/2036	3.00%	61,735,000	60,785,000
Accreted Interest					146,222,651
Total Measure E (1999)					293,629,040
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	28,890,000
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	130,155,000
2021 General Obligation Refunding Bonds	4/21/2021	8/1/2036	0.15 - 2.51%	96,025,000	95,395,000
Accreted Interest					34,786,785
Total Measure C (2006)					463,433,721
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	61,825,000
Total Measure G (2020)					81,825,000
Total General Obligation Bonds					$ 838,887,761

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) General Obligation Bonds

Year Ending June 30,	Principal	Accreted Interest	Interest
2023	$ 13,959,570	$ 2,855,430	$ 1,645,938
2024	13,524,308	4,945,692	1,126,261
2025	9,578,868	10,336,132	915,891
2026	9,717,271	11,337,729	878,271
2027	9,878,207	12,391,793	824,652
2028-2032	48,425,681	84,609,319	2,655,134
2033-2036	33,588,217	89,561,783	1,566,226
2037-2040	8,734,267	22,005,733	59,565
Total	147,406,389	$ 238,043,611	$ 9,671,938
Accretions to Date	146,222,651		
Total	$ 293,629,040		

Measure C (2006) General Obligation Bonds

Year Ending June 30,	Principal	Accreted Interest	Interest
2023	$ 11,155,000	$ -	$ 14,146,799
2024	12,665,000	-	13,617,595
2025	14,290,000	-	13,013,017
2026	16,035,000	-	12,571,629
2027	17,420,000	-	12,301,109
2028-2032	113,465,000	-	46,120,339
2033-2036	57,772,304	69,722,696	31,207,379
2037-2040	185,844,632	20,935,368	18,520,744
Total	428,646,936	$ 90,658,064	$ 161,498,611
Accretions to Date	34,786,785		
Total	$ 463,433,721		

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

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

Measure G (2020) General Obligation Bonds

Year Ending June 30,	Principal	Interest
2023	$ 29,110,000	$ 806,876
2024	22,285,000	736,290
2025	840,000	700,114
2026	885,000	693,690
2027	955,000	684,161
2028-2032	6,075,000	2,867,853
2033-2036	6,820,000	2,215,426
2037-2041	11,955,000	1,054,650
2042	2,900,000	65,250
Total	$ 81,825,000	$ 9,824,310

NOTE 13 LEASES PAYABLE

The District leases equipment as well as certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through March 2027. Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Lease Payment	Interest
2023	$ 18,041	$ 959
2024	8,301	666
2025	6,733	443
2026	6,938	238
2027	4,761	42
Total	$ 44,774	$ 2,348

NOTE 14 RISK MANAGEMENT

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, 2022 were $1,534,446 and $3,846,167 respectively.

NOTE 14 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 2022 Plan Year, the PEPM was $1,062 or $12,744 for the year.

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

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	$ 4,174,467	$ 1,206,149	$ -	$ 5,380,616

NOTE 15 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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. For the 2021-22 fiscal year, the District participates in two joint powers authority (JPA) entities as listed below:

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 (7/01/21 – 6/30/22), the District made a payment of $256,444.30 for excess liability. The District terminated its membership with the SELF JPA effective 6/30/22 and as of 7/01/22, the District transitioned to the SWACC/SAFER excess liability program. . Furthermore, we anticipate continued special assessments for the California Child Victims Act (AB218) Revived Liability Funding Plan to fund liability exposure claims during the District’s participation with SELF.

NOTE 15 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES (CONTINUED)

Property and Liability Insurance Coverages (Continued)

Statewide Association of Community Colleges (SWACC) provides liability and property insurance for fifty-seven community college districts. SWACC is governed by a board comprised of a representative for each of the participating members. 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. During this period (7/01/21 – 6/30/22), the District made a payment of $687,884 for property, liability, crime, cyber, equipment breakdown insurance and risk management reserves. The SWACC JPA includes the following: Standard insurance pool program; and Schools Association for Excess Risk (SAFER) excess liability program. This consolidation of loss exposure leverages the market and further spreads the risk of loss.

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, 2021 is as follows:

	SWACC 6/30/2022 (Audited)	SELF 6/30/2022 (Audited)
Total Assets	$ 50,281,881	$ 289,927,212
Total Liabilities	34,250,259	218,885,517
Fund Balance	$ 16,031,622	$ 71,041,695
Total Revenues	$ 34,178,714	$ 141,145,379
Total Expenditures	32,934,373	110,272,506
Total Nonoperating Revenues (Expenses)	$ 1,244,341	$ 30,872,873

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

NOTE 16 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	$ 81,028,805	$ 16,712,257	$ 2,476,908	$ -	$ -	$ 100,217,970
Academic Support	26,546,954	5,843,137	2,116,651	-	-	34,506,742
Student Services	6,332,046	1,422,032	5,850,514	-	-	13,604,592
Operation and Maintenance of Plant	5,698,724	1,686,611	7,363,512	-	-	14,748,847
Instructional Support Services	29,491,682	9,960,325	36,164,165	-	-	75,616,172
Community Services and Economic Development	5,678,419	1,236,320	1,276,527	-	-	8,191,266
Ancillary Services and Auxiliary Operations	3,351,079	736,393	1,454,572	-	-	5,542,044
Transfers, Student Aid, and Other Outgo	-	-	-	39,292,939	-	39,292,939
Depreciation Expense	-	-	-	-	45,001,855	45,001,855
Total	$ 158,127,709	$ 37,597,075	$ 56,702,849	$ 39,292,939	$ 45,001,855	$ 336,722,427

NOTE 17 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 ACCJC reaffirmed both Colleges' accreditation for the full seven-year cycle through 2024. The District's two Colleges are currently developing their Institutional Self-Evaluation Report in preparation of their upcoming Fall 2024 comprehensive visit.

Purchase Commitments

As of June 30, 2022, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $8.9 million. Projects will be funded through unrestricted local, state funds and general obligation bonds.

NOTE 18 DONATED SERVICES AND FACILITIES

Donated facilities to the Foothill-De Anza Community Colleges Foundation totaling 78,764 for the year ended June 30, 2022 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 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2022, 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. 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.

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.

NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

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.

Statement No. 99 – *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective for the fiscal year 2021-22. The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year 2022-23. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the fiscal year 2023-24.

Statement No. 100 – *Accounting Changes and Errors Corrections – An Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective for the fiscal year 2023-24.

Statement No. 101 – *Compensated Absences*

The objectives of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for the fiscal year 2024-25.

REQUIRED SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FISCAL YEAR ENDED JUNE 30, 2022

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.1536%	0.1502%	0.1410%	0.1320%	0.1260%	0.1200%	0.1260%	0.1230%
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	$ 55,974,840
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	28,164,955
Total	$ 143,927,797	$ 156,435,006	$ 178,973,964	$ 194,291,899	$ 182,105,675	$ 167,507,766	$ 185,050,148	$ 84,139,795
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	$ 70,300,000
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%	79.62%
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%	87.00%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.4455%	0.4405%	0.4395%	0.4280%	0.4222%	0.4031%	0.3708%	0.3778%
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	$ 76,823,484
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	$ 54,600,000
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%	140.70%
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%	81.00%

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, 2022

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	$ 5,770,723	$ 7,276,038	$ 9,099,696	$ 10,329,430	$ 11,460,643	$ 11,935,159	$ 11,321,984	$ 11,480,264
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	11,480,264
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	$ 70,300,000	$ 68,100,000
Contributions as a Percentage of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	$ 5,722,845	$ 6,255,896	$ 7,593,407	$ 8,654,851	$ 10,093,326	$ 10,487,637	$ 11,269,837	$ 13,827,325
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	13,827,325
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	$ 61,600,000
Contributions as a Percentage of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.09%	19.72%	20.70%	22.91%

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.

See accompanying Notes to Required Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FISCAL YEAR ENDED JUNE 30, 2022

	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY					
Service Cost	$ 412,154	$ 423,488	$ 435,134	$ 477,705	$ 490,842
Interest	7,262,034	7,298,943	7,324,225	6,846,312	7,102,496
Experience (Gains) Losses	-	-	(7,204,559)	-	(3,786,328)
Actual minus Expected Benefit Payments	-	37,284	(59,869)	-	-
Change in Assumptions	-	-	-	-	4,205,996
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)	(7,457,527)
NET CHANGE IN TOTAL OPEB LIABILITY	626,646	453,475	(6,910,401)	(17,616)	555,479
Total OPEB Liability - Beginning of Year	107,066,702	107,693,348	108,146,823	101,236,422	101,218,806
TOTAL OPEB LIABILITY - END OF YEAR (a)	$ 107,693,348	$ 108,146,823	$ 101,236,422	$ 101,218,806	$ 101,774,285
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	$ 8,547,542	$ 8,768,956	$ 8,905,332	$ 8,841,633	$ 8,957,527
Net Investment Income	1,474,081	1,364,217	1,437,170	1,633,470	7,102,132
Investment Gains (Losses)	-	-	(124,874)	(809,334)	-
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)	(7,457,527)
Actual Minus Expected Benefit Payments	-	37,284	-	-	-
Administrative Expense	(12,538)	(31,884)	(4,471)	(11,546)	(9,777)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,961,543	2,832,333	2,807,825	2,312,590	8,592,355
Plan Fiduciary Net Position - Beginning of Year	13,989,363	16,950,906	19,783,239	22,591,064	24,903,654
PLAN FIDUCIARY NET POSITION - END OF YEAR (b)	$ 16,950,906	$ 19,783,239	$ 22,591,064	$ 24,903,654	$ 33,496,009
NET OPEB LIABILITY - END OF YEAR (a) - (b)	$ 90,742,442	$ 88,363,584	$ 78,645,358	$ 76,315,152	$ 68,278,276
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	15.74%	18.29%	22.32%	24.60%	32.91%
Covered-Employee Payroll	$ 101,240,000	$ 100,791,000	$ 102,699,000	$ 100,174,000	$ 101,564,000
Net OPEB Liability as a Percentage of Covered-Employee Payroll	89.63%	87.67%	76.58%	76.18%	67.23%

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

The board of trustees and the District Administrators for the fiscal year ended June 30, 2022 were as follows:

BOARD OF TRUSTEES

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

DISTRICT ADMINISTRATORS

Judy Miner	Chancellor
Susan Cheu	Vice Chancellor, Business Services
Ray Quan	Vice Chancellor, Human Resources
Jory Hadsell	Vice Chancellor, Technology
Bernadine Fong	Interim 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, 2022

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)	$ 17,152,970
Federal Pell Administrative Allowance	84.063	(1)	127,739
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(1)	535,918
Federal Direct Student Loan	84.268	(1)	4,322,999
Federal College Work Study (FWS)	84.033	(1)	438,042
Total Student Financial Aid Cluster			22,577,668
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)	11,683,447
COVID-19 - HEERF CARES Act - Institutional	84.425F	(1)	11,951,656
COVID-19 - HEERF CARES Act - Minority Serving Institutions	84.425L	(1)	265
Total COVID-19 - Higher Education Emergency Relief Funds (HEERF)			23,635,368
Strengthening Institutions Program	84.031	(1)	11,823
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	772,589
Total U.S. Department of Education			46,997,448
U.S. Department of Agriculture:			
Passed through the California Department of Education:			
Child and Adult Care Food Program	10.558	03628	27,020
Total U.S. Department of Agriculture			27,020
U.S. Department of Labor:			
Pass through Employment Development Department State of California:			
Occupational Training Institute (OTI) - General Grants	17.258	03573	8,702
Pass through City of San Jose:			
WIA - Adult Program	17.258	03573	6,729
Total U.S. Department of Labor			15,431

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2022

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)	$ 34,811
Pass through San Francisco State University:			
National Institutes of Health (NIH)	93.859	(2)	29,387
Total U.S. Department of Health and Human Services			64,198
Corporation for National and Community Service:			
AmeriCorps State and National	94.006	(1)	20,180
Total Corporation for National and Community Service			20,180
Total Expenditures Federal Programs			$ 47,124,277

Reconciliation to Federal Revenue			
Total Expenditures Federal Programs			$ 47,124,277
Federal Pell Administrative Allowance	84.063	(1)	(103,787)
Federal Direct Student Loan	84.268	(1)	(4,322,999)
Total Federal Program Revenue			$ 42,697,491

(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, 2022

Program Name	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Adult Education Block Grant (CAEP)	$ 907,293	$ -	$ 441,987	$ 465,306	$ 465,306
Basic Needs Center	532,140	-	473,879	58,261	58,261
BFAP Administration	806,966	-	-	806,966	806,966
Butte-Glenn OER	11,013	-	11,013	-	-
Calgrant A	23,742	-	-	23,742	23,742
Calgrant B	1,924,284	65,029	-	1,989,313	1,989,313
Calgrant C	17,194	-	-	17,194	17,194
California Learning Lab	591,653	-	94,176	497,477	497,477
Calworks	357,570	-	12,722	344,848	344,848
Calworks EC Works	-	-	-	-	-
Calworks SSA	147,660	16,669	-	164,329	164,329
Career Technological Education	6,173,887	1,776,219	3,201,380	4,748,726	4,748,726
CCAP Instructional Materials	57,765	-	57,765	-	-
CDC State Meal Reimbursement	393	71	-	464	464
CDC-State Contracts	549,629	-	-	549,629	549,629
Child Development Center Bailout	468,690	-	-	468,690	468,690
Child Development Training Consortium	29,866	-	17,860	12,006	12,006
Classified Professional Development	107,361	-	107,361	-	-
Cooperative Agencies Resources for Education	175,566	-	34,981	140,585	140,585
Culturally Competent Faculty PD	100,870	-	100,870	-	-
CVC/OEI	23,049,789	2,000,000	1,410,150	23,639,639	23,639,639
CYCL VIDA	100,090	25,984	2,228	123,846	123,846
Disabled Student Services and Programs	3,258,788	-	226,124	3,032,664	3,026,028
Disaster Relief Emergency 20/21	12,669	-	12,669	-	-
Dream Resource Liaison Support	276,572	-	95,485	181,087	181,087
Early Action Emergency Financial Aid 20/21	1,422,648	-	591,956	830,692	830,692
Early Childhood Education	3,486	-	3,486	-	
Economic Development	88,637	98,133	-	186,770	186,770
Equal Employment Opportunity	413,705	-	388,705	25,000	25,000
Extended Opportunity Programs and Services	2,217,587	-	24,372	2,193,215	2,193,215
Financial Aid Technology	149,064	-	-	149,064	149,064
First 5 CDC	61,437	-	61,437	-	
Guided Pathways	1,731,774	-	624,929	1,106,845	1,106,845
Hunger Free Campus	39,610	-	-	39,610	39,610
Innovation in Higher Education	684,647	-	-	684,647	684,647
Instructional Equipment	5,382,315	-	5,182,633	199,682	199,682
LGBTQ+	220,750	-	220,750	-	-
Library Services Platform	24,830	-	24,830	-	-
Lottery-Instructional Materials	1,318,010	671,911	-	1,989,921	1,073,135
Mandatory Cost Elimination Fee	-	-	-	-	66,804
Mental Health Services Grant	370,487	-	69,857	300,630	300,630
Mental Health Support	619,500	-	522,822	96,678	96,678
P-98 COVID-19 Response Block Grant	1,251,133	-	84,820	1,166,313	1,166,313
Promise Grants (AB19)	3,464,278	-	170,064	3,294,214	3,294,214
Retention and Enrollment	565,799	-	565,799	-	-
Scheduled Maintenance	8,838,843	-	8,764,224	74,619	74,619
Student Equity and Achievement (SEA)	17,713,036	-	7,207,896	10,505,140	10,505,140
Student Food and Housing Support	530,725	-	530,725	-	-
Student Retention and Enrollment	1,130,883	-	958,691	172,192	172,192
Student Success Completion Grants	2,433,351	-	364,018	2,069,333	2,069,333
TANF	18,102	16,709	-	34,811	34,811
Trustee Fellowship Grant	65,750	-	-	65,750	65,750
TTIP Telecom & Technology	51,192	-	46,884	4,308	4,308
Veterans Resource Center	321,679	104,976	330,028	96,627	96,627
VRC 20/21 One Time Funding	67,642	-	67,642	-	-
Umoja Grant	28,352	-	12,050	16,302	16,302
CalFresh Outreach	43,494	-	3,024	40,470	40,470
IEPI Grant	24,304	-	-	24,304	24,304
Total	$ 90,978,500	$ 4,775,701	$ 33,122,292	$ 62,631,909	$ 61,775,291

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, 2022

	Annual - Factored			
Categories	Reported Data	Other Adjustments	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2021 only)				
1. Noncredit[1]	40.20	-	-	40.20
2. Credit[1]	2,777.17	-	(4.49)	2,772.68
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)				
1. Noncredit[1]	-	-	-	-
2. Credit[1]	5.40	-	-	5.40
C. Primary Terms (Exclusive of Summer Intersession)				
1. Census Procedure Courses				-
(a) Weekly Census Contact Hours	4,288.11	0.71	-	4,288.82
(b) Daily Census Contact Hours	210.88	-	(0.09)	210.79
2. Actual Hours of Attendance Procedure Courses				
(a) Noncredit[1]	256.90	13.37	-	270.27
(b) Credit[1]	312.00	11.90	-	323.90
3. Independent Study/Work Experience				
(a) Weekly Census Contact Hours	12,036.90	0.50	-	12,037.40
(b) Daily Census Contact Hours	779.40	-	(0.60)	778.80
(c) Noncredit Independent Study/Distance Education Courses	17.30	-	-	17.30
D. Total FTES	20,724.26	26.48	(5.18)	20,745.56
Supplemental Information (subset of above information)				
E. In-service Training Courses (FTES)	-	-	-	-
H. Basic Skills courses and Immigrant Education				
(a) Noncredit[1]	124.59	-	-	124.59
(b) Credit[1]	370.26	-	-	370.26
CCFS 320 Addendum				
CDCP Noncredit FTES	142.31	-	-	142.31
Centers FTES				
(a) Noncredit[1]	26.89	-	-	26.89
(b) Credit[1]	853.19	(0.80)	-	852.39

1 Including Career Development and College Preparation (CDCP) FTES

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2022

The audit resulted in no adjustments to the fund balances reported on the June 30, 2022 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, 2022 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	$ 41,885,021
Restricted Fund Balance	12,394,460
Debt Service Funds	69,886,152
Child Development Fund	2,374,345
Capital Outlay Funds Balance	106,736,924
Enterprise Funds Balance	3,935,911
Self Insurance Fund Balance	6,968,358
Associated Students and Student Representation Fee	2,159,047
All Other Funds	15,026
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	$ 246,355,244

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2022

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 246,355,244
Capital assets and leased assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $315,575 are already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	503,522,831
Deferred charges associated with debt refundings are capitalized. These amounts will be amortized to interest expense over the life of the refunded debt.	34,205,548
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.	53,826,063
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 $240,357 is already recorded in the General Fund.	(7,720,623)
The supplemental employee retirement plan is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(2,434,766)
Long-term liability related to general obligation bonds, leases payable 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.	(883,524,374)
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.	(201,908,894)
Interest related to bonds incurred through June 30, 2022 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(8,361,216)
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.	(106,998,736)
Total Net Position	$(373,038,923)

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

		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	$ 33,757,812	$ -	$ 33,757,812	$ 33,824,245	$ -	$ 33,824,245
Instructional Salaries - Other	1300	35,977,670	-	35,977,670	35,977,670	-	35,977,670
Total Instructional Salaries		69,735,482	-	69,735,482	69,801,915	-	69,801,915
Noninstructional Salaries - Contract or Regular	1200	-	-	-	14,522,022	-	14,522,022
Noninstructional Salaries - Other	1400	-	-	-	1,416,419	-	1,416,419
Total Noninstructional Salaries		-	-	-	15,938,441	-	15,938,441
Total Academic Salaries		69,735,482	-	69,735,482	85,740,356	-	85,740,356
Classified Salaries							
Noninstructional Salaries - Regular Status	2100	-	-	-	34,191,045	-	34,191,045
Noninstructional Salaries - Other	2300	-	-	-	2,687,775	-	2,687,775
Total Noninstructional Salaries		-	-	-	36,878,820	-	36,878,820
Instructional Aides - Regular Status	2200	2,267,342	-	2,267,342	2,267,342	-	2,267,342
Instructional Aides - Other	2400	208,613	-	208,613	208,613	-	208,613
Total Instructional Aides		2,475,955	-	2,475,955	2,475,955	-	2,475,955
Total Classified Salaries		2,475,955	-	2,475,955	39,354,775	-	39,354,775
Employee Benefits	3000	27,571,210	-	27,571,210	52,387,977	-	52,387,977
Supplies and Materials	4000	-	-	-	2,381,680	-	2,381,680
Other Operating Expenses	5000	-	-	-	22,238,774	-	22,238,774
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		99,782,647	-	99,782,647	202,103,562	-	202,103,562
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	4,230,910	-	4,230,910	4,230,910	-	4,230,910
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	4,310,213	-	4,310,213
Objects to Exclude							
Rents and Leases	5060	-	-	-	210,118	-	210,118
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	-	-	-	4,397,772	-	4,397,772
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,230,910	-	4,230,910	13,149,013	-	13,149,013
Total for ECS 84362, 50% Law		$ 95,551,737	$ -	$ 95,551,737	$ 188,954,549	$ -	$ 188,954,549
Percent of CEE (Instructional Salary Cost/Total CEE)		50.57%	0%	50.57%	100%	0%	100%
50% of Current Expense of Education					$ 94,477,275	$ -	$ 94,477,275

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
FISCAL YEAR ENDED JUNE 30, 2022

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 35,079,141
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 35,079,141	$ -	$ -	$ 35,079,141
Total Expenditures for EPA*		$ 35,079,141	$ -	$ -	$ 35,079,141
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, 2022. 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 wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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% 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, 2022 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, 2022 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, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 3, 2023. The financial statements of Foothill-De Anza Community Colleges Foundation (the discretely presented component unit) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on the internal control over financial reporting or instances or reportable noncompliance associated with the Foothill-De Anza Community Colleges Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
February 3, 2023

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

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
February 3, 2023

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 *2021-22 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2022. The District's state compliance requirements are identified in the table provided.

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, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *2021-22 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the Audit Manual are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual*.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foothill-De Anza Community College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foothill-De Anza Community College District's compliance with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foothill-De Anza Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Foothill-De Anza Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of Foothill-De Anza Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 – College and Career Access Pathways (CCAP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	Not Applicable
492	Student Representation Fee	Yes
491	Education Protection Account Funds	Yes
499	COVID-19 Response Block Grant Expenditures	Not Applicable

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the *2021-22 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as items 2022-002. Our opinion on each state program is not modified with respect to these matters.

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

Board of Trustees
Foothill-De Anza Community College District

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 *2021-22 Contracted District Audit Manual.* Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 3, 2023

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

Dollar threshold used to distinguish between Type A and Type B programs: Type A - $1,413,728; Type B - $353,432

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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2022.

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2022-001: Enrollment Reporting

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
Assistance Listing Number: Various
Award Period: July 1, 2021 through June 30, 2022
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

<u>Criteria</u>

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.

<u>Condition</u>

Foothill College:
Twenty students from a statistically valid sample identified the following conditions for 6 students:

1) The enrollment effective date reported to NSLDS did not match the College's record - 6 students
2) 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 5 students where the change in enrollment status reporting was not received by the NSLDS within the 60 days requirement.

Questioned Costs

None

Context

The Colleges disbursed $22,577,668 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) and 2020-21 (Finding 2021-002).

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

Management concurs with the finding and has developed a plan to correct it.

Section IV – Findings and Questioned Costs – State Awards

Finding 2022-002: State Compliance - Section 424 Student Center Funding Formula Base Allocation: FTES: Contact Hours

Criteria: Census dates should be calculated according to the Student Attendance Accounting Manual (SAAM). For daily census procedure courses, review credit course schedules to determine the correct census day was determined as that nearest one-fifth of the number of sessions scheduled for the course, exclusive of mandatory or local holidays. For short-term daily census courses where the census falls on the first day of the course, the enrollment is to reflect the active enrollment as of the end of the first day, and the census is on the second day.

Condition: Our review of census dates identified an independent study daily student contract hour course at Foothill College where the census date was the same as the start date on the apportionment detail report.

Questioned Costs: Total decrease of 5.18 Full Time Equivalent Student (FTES). Decrease by census type consist of :

- 4.49 FTES Summer 2021 Intersession Credit
- 0.09 FTES Daily Student Contact Hours (DSCH).
- 0.60 FTES Independent Study Daily Student Contact Hours (DSCH).

Estimated net effect on apportionment is $21,922.90, per marginal funding of $4,232.22 per FTES.

Context: The College ran a query and identified an additional four independent study daily student contract hour and two daily student contract hour that met this same criteria. Errors are considered isolated and the adjustment to contact hours can be calculated.

Effect: Decrease in FTES: 175.05 independent study daily student courses and 72.00 daily student contact hours.

Recommendation: Submit a revised Form CCFS-320 Annual Report. Implement procedures to ensure controls are in place to identify input errors in courses built in the student information system are identified timely and ensure the accuracy of the Form CCFS-320.

Corrective Action Plan: Banner, our Student Information System, cannot determine the proper Census date for courses that meet less than 10 days. It is known that the census date cannot be the first day of class and that we must adjust the census date for these courses manually each quarter. ETS has created a tool for the Dean of Enrollment Services to find these class sections with census matching the first day of class. This was an oversight by the Dean of Enrollment Services, and procedures have been implemented to run the Argos tool provided by ETS throughout the year to identify and fix these courses.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022

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, 2022.

Audit period: 2021-22

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

2022-001 Student Financial Aid Cluster – Enrollment Reporting – Various

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.

Foothill College Response

Explanation of disagreement with finding: There is no disagreement with the finding and the Foothill College will resolve it.

Action taken in response to finding: Using the samples from the findings as an example, the Dean of Enrollment Services will contact with National Student Clearinghouse Audit support and request a review of the data received from the College by 3/1/2023. If the issue is with our data, the College with work our technical support team and request a specialist from Ellucian – Banner that supports the enrollment reporting process. If the issue is merely additional training needed on how to handle the error report file, then additional training will be requested for appropriate Admissions & Records staff for one-on-one training with the National Student Clearinghouse.

Name of the contact person responsible for corrective action: Anthony Cervantes, Dean of Enrollment Services

Planned completion date for corrective action plan: April 1, 2023.

De Anza College Response

Explanation of disagreement with finding: De Anza College has reported all five students in question within 30 days of their status change to the National Clearing House. However, the NCH failed to report to the NSLDS the change of status within 30 days after we correctly reported the change in enrollment.

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The College has provided proof of our reporting to the NCH, but because the students were not reported by the NCH in a timely manner, we are responsible to take actions to correct this process and make sure that the NCH is reporting on time and with right reports.

Action taken in response to finding: The College can see some improvement in numbers of unreported or misreported student records from the NCH to the NSLDS. The Dean of Enrollment Services will continue working with the National Clearing House on the reporting process to avoid discrepancies and delays in the future.

Name of the contact person responsible for corrective action: Nazy Galoyan, Dean of Enrollment Services

Planned completion date for corrective action plan: June 2023.

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

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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, 2021.

Audit period: July 1, 2020 to June 30, 2021.

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

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

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.

Status: Implemented.

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

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

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Summary Schedule of Prior Year Audit Findings

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

Status: Partially implemented. See current year finding 2022-001.

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

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.

Status: Implemented.

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

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.

Status: Implemented.

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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INDEPENDENT
NETWORK MEMBER

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