Financial Statements
June 30, 2023

Santa Monica Community College District

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Independent Auditor's Report

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of Santa Monica Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of Santa Monica Community College District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20 and other required supplementary schedules on pages 73 through 84 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 District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is 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, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Santa Monica Community College District (the District) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Santa Monica Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office (CCCCO), through its Fiscal Standards and Accountability Committee, recommended that all community college districts use the reporting standards under the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California community college districts, the District has adopted the BTA reporting model for its financial statements.

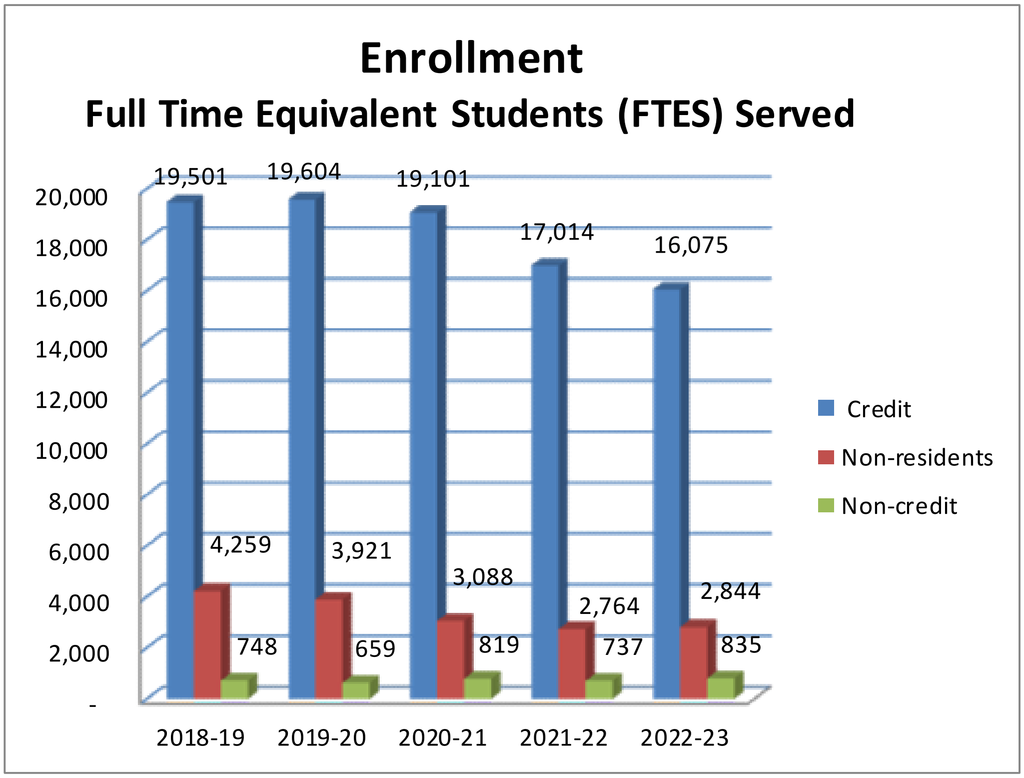
Prior year data is presented in Management's Discussion and Analysis to afford a comparative analysis of data.

Santa Monica Community College District is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The District offers programs of the highest quality for residents of Santa Monica, Malibu, and any students who continue with their higher education studies. The District offers programs of remediation and reentry; provides exemplary programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community service programs of personal interest.

SELECTED HIGHLIGHTS

- The District's primary funding sources are State Apportionment, received from the State of California, and fees generated by serving non-resident students. The primary of both of these funding sources is how many Full-Time Equivalent Students (FTES) the District serves. During 2022-2023, total FTES reported decreased from 20,515 in the prior year to 19,754 (approximately 3.71%).

- The following table reflects historical FTES served by the District. For the 2019-2020 fiscal year the FTES levels reflect the use of emergency attendance methodology for reporting FTES.



- The funding formula to determine the Apportionment allocation for each District is the Student-Centered Funding Formula (SCFF). The SCFF calculates Apportionment to be distributed to three main factors: base allocation (enrollment) - 70%, supplemental allocation (number of students receiving financial aid) – 20%, and the student success allocation (number of student success outcome achieved) – 10%. The original SCFF legislation contained a hold harmless provision that stated that through the 2021-2022 fiscal year, Districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. The State's 2022-2023 Enacted Budget includes a modified hold harmless provision where starting in 2025-2026, Districts would continue to receive funding at the greater of the 2024-2025 calculated amount, without further COLA increases, or the amount calculated under the SCFF. For 2023-2024, the District projects that it will be funded under the hold harmless provision. Projection shows that if resident enrollment stays flat through 2025-2026, the District will not be receiving a COLA increase, due to this provision, starting in 2025-2026.

- As reported to the State Chancellor's Office on the Annual Financial and Budget Report (CCFS-311), the District ended the 2022-2023 fiscal year with an Unrestricted General Fund balance of $34,022,513 or 15.84% of total expenditures and transfers. This represents a $9,892,095 decrease in fund balance from the prior year.

- During 2022-2023, the District continued to make significant progress on general obligation bond funded construction projects. First, the District reached substantial completion of the Malibu Campus Facility and began serving students at the facility on February 13, 2023. Second, the Math and Science Building project located on the main campus reached 75% completion and is scheduled for substantial completion in July 2024. Lastly, the District received State approval to move forward with the construction of the Art Complex which is scheduled to break ground in the fourth quarter of 2023. Several smaller capital projects started in 2022-2023 including a Gender Neutral Bathroom facility and a Shade Structure at the Student Services Building.

- On November 8, 2022, the District's voters successfully passed Measure SMC allowing for the issuance of $375 Million in general obligation bonds. As of June 30, 2023, the District has not issued any bond under Measure SMC and expects its first bond issue in late 2024.

STATEMENT OF NET POSITION

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

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

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

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

The Statement of Net Position as of June 30, 2023 and June 30, 2022 are summarized below:

	2023	2022	Change
Assets			
Cash and investments	$ 396,989,397	$ 381,116,805	$ 15,872,592
Receivables, net	28,289,680	31,011,719	(2,722,039)
Other current assets	2,862,436	3,408,372	(545,936)
Capital and right-to-use leased assets, net	748,184,444	732,251,932	15,932,512
Total assets	1,176,325,957	1,147,788,828	28,537,129
Deferred Outflows of Resources	132,202,895	126,014,465	6,188,430
Liabilities			
Accounts payable and accrued liabilities	124,161,740	75,212,167	48,949,573
Current portion of long-term liabilities	30,394,796	30,183,887	210,909
Noncurrent portion of long-term liabilities	1,140,264,938	1,128,297,636	11,967,302
Total liabilities	1,294,821,474	1,233,693,690	61,127,784
Deferred Inflows of Resources	67,417,834	100,291,306	(32,873,472)
Net Position (Deficit)			
Net investment in capital assets	215,999,754	196,848,428	19,151,326
Restricted	60,896,079	54,920,429	5,975,650
Unrestricted deficit	(330,606,289)	(311,950,560)	(18,655,729)
Total net position (deficit)	$ (53,710,456)	$ (60,181,703)	$ 6,471,247

- Approximately 93% of the cash and cash equivalent balance is deposited with or in the process of being transferred to, the Los Angeles County Investment Pool. The remaining balance consists of deposits with various financial institutions.

- Cash and investments increased primarily due to increased cash in the restricted general fund from State grant monies received for the COVID-19 State Block grant.

- Capital assets, net of accumulated depreciation increased due to the capital construction and planning activity associated with the following major projects: Malibu Site Acquisition and Facility, and Math and Science Classroom Addition. Refer to the "Capital Asset" and "Long-term Liabilities" portion of the Management Discussion and Analysis for further details.

- Deferred outflows of resources related to pensions increased primarily due to changes of assumptions and differences between the projected and actual earnings for CalPERS.

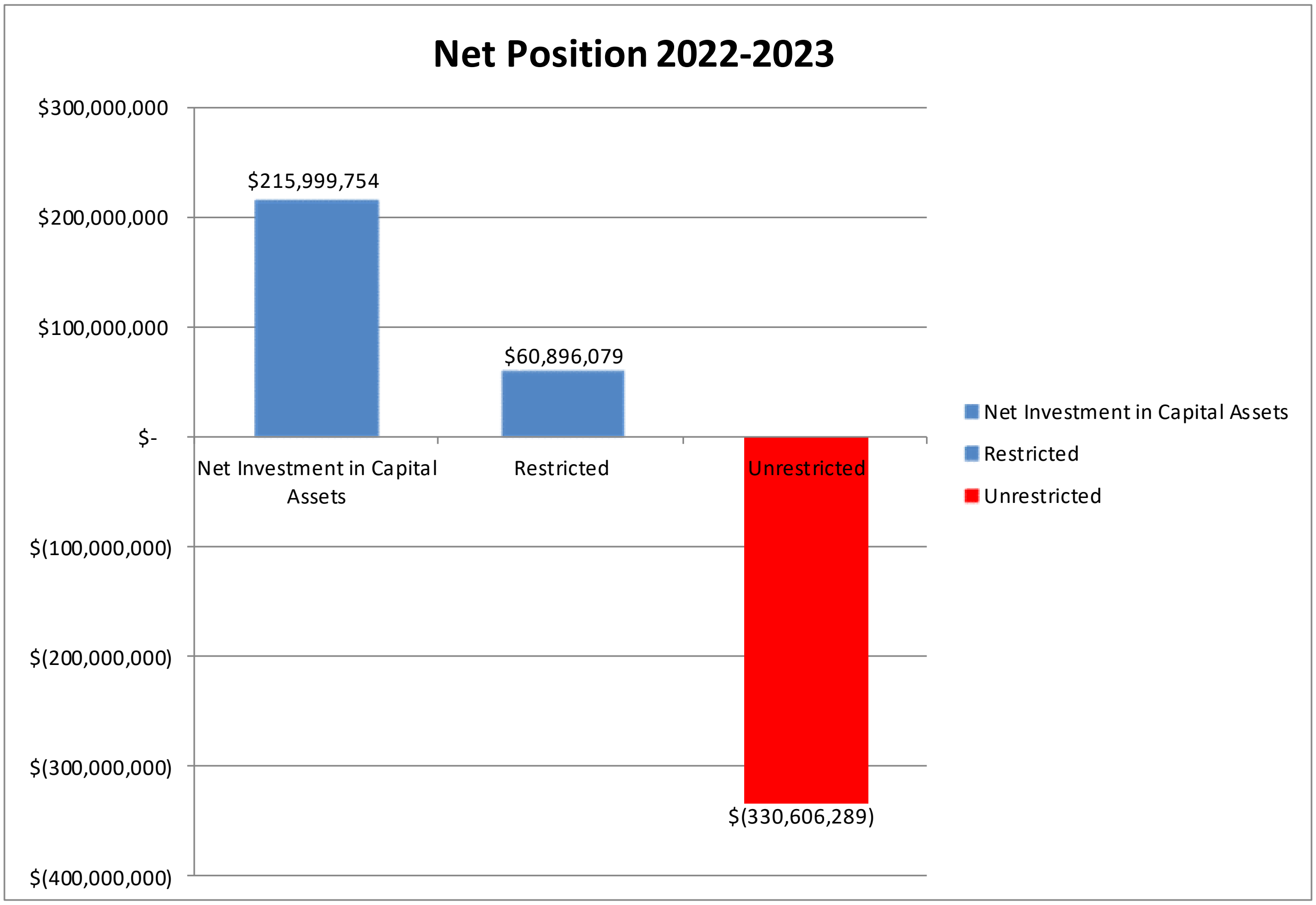
- Accounts payable and accrued liabilities increased primarily related to increased unearned revenues for the clawbacks for Education Protection Account (EPA) and Physical Plant and Instructional Support (PPIE) funds, and unspent grant monies related to COVID-19 State Block grant and Learning Aligned Employment Program (LEAP).

- Noncurrent portion of long-term liabilities increased as a result of an increase in pension liabilities due to the Statewide actuarial reports at June 30, offset by a decrease in General Obligations bonds for scheduled debt service payments and decrease in the OPEB liabilities due to change in assumptions for the discount rate.

- In 2014-2015, the District implemented GASB Statements No. 68 and No. 71, which were issued with the "primary objective to improve accounting and financial reporting by State and local governments for pensions." The statement requires the District to reflect on the financial statements its proportional share of the Statewide pension funds' unfunded liability, CalSTRS and CalPERS, by recording deferred outflows of resources, net pension liability, and deferred inflows of resources. Deferred outflows of resources represent contributions made during the fiscal year that are removed from expenses and are recorded as deferred outflows of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year. The liability of employers and non-employers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension obligation. 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 result from the difference between the estimated and actual return on pension plan investments. This amount is deferred and amortized over five years.

Net Pension Liability is categorized as follows:

Santa Monica College Net Pension Liability	
Pension Fund	**Net Liability**
CalSTRS	**$77,471,604**
CalPERS	**$95,683,947**
CalPERS Safety	**$5,783,388**
Total	**$178,938,389**



STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Net position as presented on the Statement of Net Position is based on the activities presented in the Statement of Revenues, Expenses and Change in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement represents the net results of the District's operations. Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, State appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

A comparison between fiscal years 2022-2023 and 2021-2022 is provided on the following page.

The Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and June 30, 2022 are summarized below:

	2023	2022	Change
Operating Revenues			
Tuition and fees, net	$ 42,777,906	$ 40,676,443	$ 2,101,463
Grants and contracts, noncapital	36,844,123	42,975,310	(6,131,187)
Auxiliary sales and charges	1,935,628	1,576,297	359,331
Total operating revenues	81,557,657	85,228,050	(3,670,393)
Operating Expenses			
Salaries and benefits	221,381,596	196,823,502	24,558,094
Supplies, services, equipment, and maintenance	39,905,881	35,096,290	4,809,591
Student financial aid	49,819,389	52,734,273	(2,914,884)
Depreciation and amortization	33,500,308	33,185,658	314,650
Total operating expenses	344,607,174	317,839,723	26,767,451
Loss on operations	(263,049,517)	(232,611,673)	(30,437,844)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	103,377,276	97,831,112	5,546,164
Property taxes	90,145,683	77,376,574	12,769,109
Student financial aid grants	49,052,537	51,915,712	(2,863,175)
State revenues	16,028,219	15,495,100	533,119
Net interest expense	(21,071,347)	(36,298,439)	15,227,092
Other nonoperating revenues	10,352,349	9,221,368	1,130,981
Total nonoperating revenue (expenses)	247,884,717	215,541,427	32,343,290
Other Revenues and Losses			
State and local capital income, and loss on disposal of capital assets	21,636,047	17,790,701	3,845,346
Change in net position (deficit)	$ 6,471,247	$ 720,455	$ 5,750,792

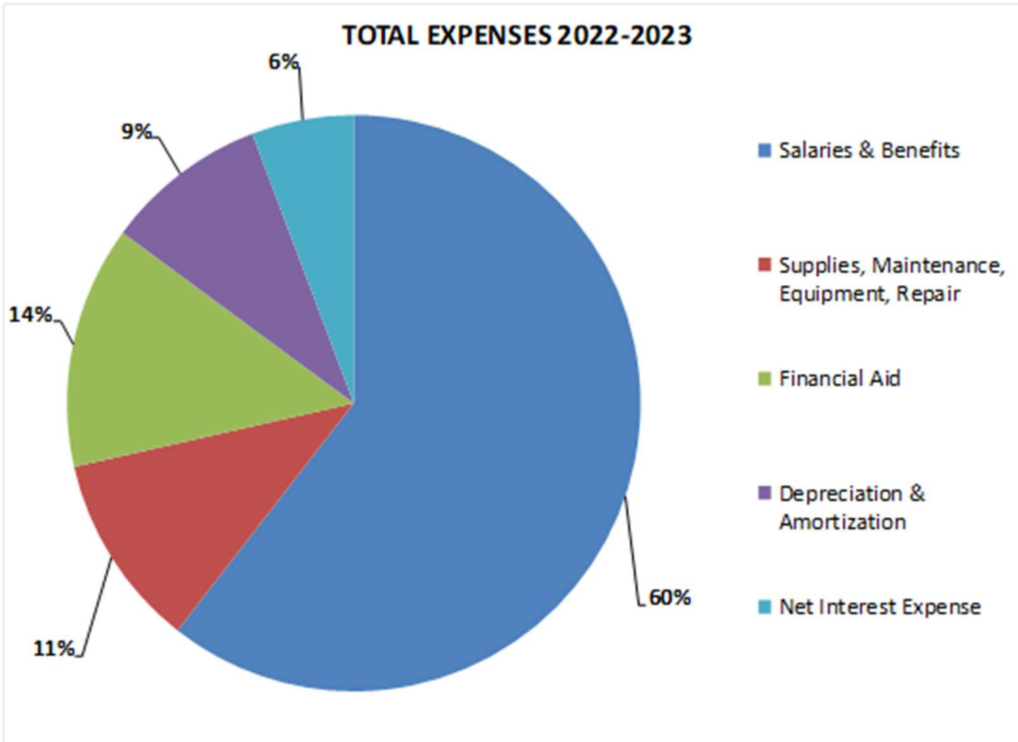
- Tuition and fees increased primarily due to the increase in nonresident tuition.
- Total operating revenues decreased primarily due to the decrease in available funding from the Higher Education Emergency Relief Fund (HEERF), which backfilled lost revenues due to the COVID-19 pandemic.
- Total salaries and benefit expense increased primarily due to salary increases for all employee groups.

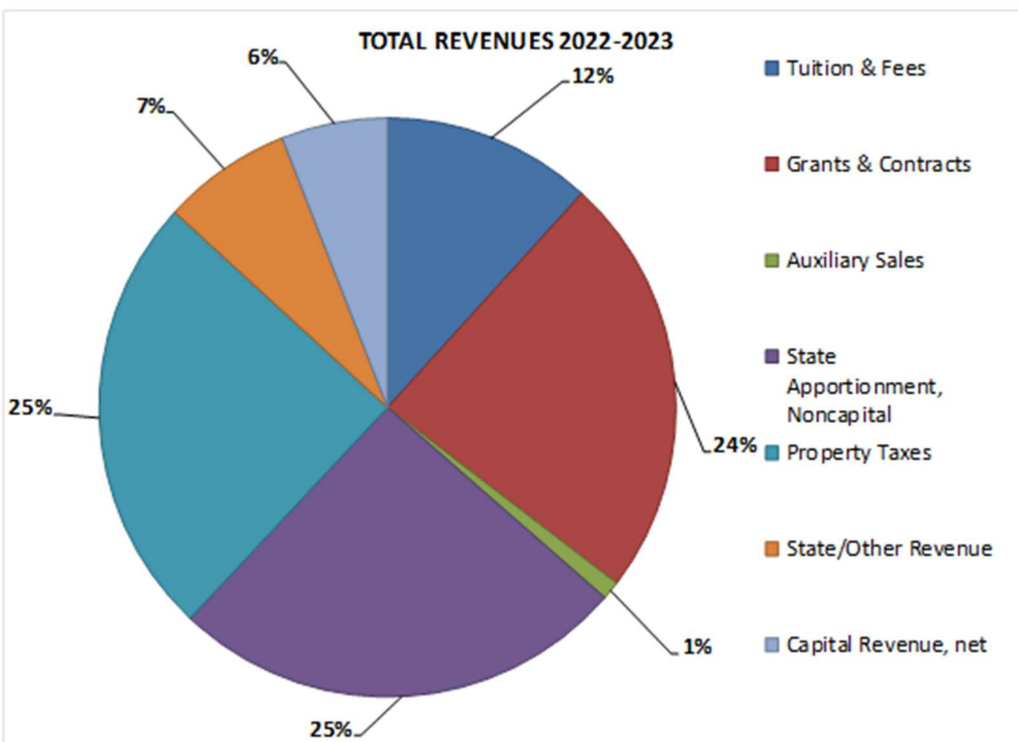
- Services and maintenance expenditures increased primarily due to an increase in utilities costs, insurance costs and expenditures related to increasing on-ground instruction and activities.

- The Student-Centered Funding Formula Calculated revenue is a workload calculation funded by property taxes, the Education Protection Account (EPA) funding, enrollment fees, and apportionment. The increase in State apportionment is attributed to the receipt of the Cost of Living Allowance (COLA) of 6.56%.

- Net interest expense increased primarily due to the change in fair market value.

The following charts reflect the revenue and expenditures of all funds combined:





STATEMENT OF FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses and Changes in Net Position. A schedule of expenses by function is shown below:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instructional activities	$ 69,763,413	$25,166,156	$ 1,607,799	$ -	$ -	$ 96,537,368
Academic support	10,114,317	3,366,680	366,816	-	-	13,847,813
Student services	37,269,966	12,536,102	4,131,396	-	-	53,937,464
Plant operations and maintenance	8,638,639	4,339,574	3,387,577	-	-	16,365,790
Instructional support services	22,790,738	16,503,502	5,216,036	-	-	44,510,276
Community services and economic development	1,023,302	407,852	61,637	-	-	1,492,791
Ancillary services and auxiliary operations	6,125,373	2,498,669	2,563,948	253,573	-	11,441,563
Student aid	-	-	-	49,565,816	-	49,565,816
Physical property and related acquisitions	592,388	244,925	22,570,672	-	-	23,407,985
Unallocated depreciation and amortization	-	-	-	-	33,500,308	33,500,308
Total	$156,318,136	$65,063,460	$ 39,905,881	$49,819,389	$33,500,308	$344,607,174

STATEMENT OF CASH FLOWS

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

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part reflects the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Change in Net Position located on page 22 of the financial statements.

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (209,589,972)	$ (201,267,014)	$ (8,322,958)
Noncapital financing activities	247,509,498	223,737,074	23,772,424
Capital financing activities	(24,963,558)	127,291,572	(152,255,130)
Investing activities	2,916,624	(13,159,746)	16,076,370
Net Increase (Decrease) in Cash	15,872,592	136,601,886	(120,729,294)
Cash, Beginning of Year	381,116,805	244,514,919	136,601,886
Cash, End of Year	$ 396,989,397	$ 381,116,805	$ 15,872,592

- Cash receipts from operating activities are from student tuition, Federal, State, and Local grants and contracts, and auxiliary operation sales. Uses of cash from operating activities consist of payments to employees, vendors and students.

- Non-capital financing activities represent cash receipts from State apportionment, property taxes, State taxes, other State revenue and grants and gifts for other than capital purposes.

- Cash flows from capital and related financing activities represent local revenue for capital purposes, tax revenue for payment of capital debt, purchase of capital assets and principal and interest payments on capital debt.

- Cash from investing activities includes interest earnings through the Los Angeles County Investment Pool and other investment activity.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee or fiduciary for certain amounts held in trust for retiree OPEB benefits. The District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets and Right-to-use Leased Assets

As of June 30, 2023, the District has governmental capital and right-to-use leased assets of $1.0 billion, consisting of land, buildings and building improvements, construction in progress, vehicles, office and instructional equipment, with an accumulated depreciation and amortization of $273.1 million for net governmental capital and right-to-use leased assets of $748.2 million. Net additions to capital assets in 2022-2023 consisted mainly of site improvements and construction in progress as a result of the passage of Measure S, Measure AA, and Measure V. The following major projects added significantly to the capital assets of the District in the form of site improvements and construction in process: Malibu Site Acquisition and Facility; and Math and Science Classroom Addition. It is important to recognize that all valuations are based on historical cost as required by generally accepted accounting principles (GAAP). For example, the 38 acres of the main campus would have a significantly greater value today than is reflected in the capital asset listing below.

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

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Capital Assets				
Land and construction in progress	$ 158,166,909	$ 48,950,089	$ (940,535)	$ 206,176,463
Buildings and improvements	760,344,232	1,040,403	(1,614,514)	759,770,121
Furniture and equipment	34,488,512	1,516,854	(138,765)	35,866,601
Subtotal capital assets	952,999,653	51,507,346	(2,693,814)	1,001,813,185
Accumulated depreciation	(239,665,167)	(32,338,098)	423,310	(271,579,955)
Total capital assets, net	713,334,486	19,169,248	(2,270,504)	730,233,230
Right-to-use Leased Assets				
Land improvements	18,658,798	-	-	18,658,798
Buildings and improvements	1,524,926	195,978	(899,949)	820,955
Subtotal right-to-use leased assets	20,183,724	195,978	(899,949)	19,479,753
Accumulated Amortization	(1,266,278)	(1,162,210)	899,949	(1,528,539)
Total right-to-use leased assets, net	18,917,446	(966,232)	-	17,951,214
Total capital and right-to-use leased assets, net	$ 732,251,932	$ 18,203,016	$ (2,270,504)	$ 748,184,444

Long-Term Liabilities

At June 30, 2023, the District had approximately $1.2 billion in long-term liabilities: $16.9 million from compensated absences/load banking, $2.6 million from the supplemental employee retirement plan, $165.1 million from GASB Statement No. 75, other postemployment healthcare benefit liability, $788.7 million from General Obligation Bonds, $18.5 million from GASB 87 leases, and $178.9 million from GASB Statements No. 68 and No. 71, pension liability.

The General Obligation Bonds were issued to fund various projects related to construction, purchase and renovation of instructional facilities, laboratories, centers, administrative facilities and parking structures. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds.

Notes 7, 8, and 10 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
General obligation bonds	$ 816,099,694	$ 5,112,143	$ (32,549,367)	$ 788,662,470
Aggregate net OPEB liability	188,399,040	14,925,283	(38,181,653)	165,142,670
Aggregate net pension liability	116,248,077	62,690,862	-	178,938,939
Leases	19,162,550	195,978	(876,881)	18,481,647
Other long-term liabilities	18,572,162	2,137,584	(1,275,738)	19,434,008
Total long-term liabilities	$ 1,158,481,523	$ 85,061,850	$ (72,883,639)	$ 1,170,659,734
Amount due within one year				$ 30,394,796

BUDGET FOR THE FUTURE – UNRESTRICTED GENERAL FUND – 2023-2024

In this section, the District highlights some of the major budgetary assumptions presented in the 2023-2024 Adopted Budget to assist the reader in understanding the long-term fiscal stability of the Institution.

Overview

For 2023-2024, the District is projecting a revenue increase from the prior year actual of approximately 5.56% or $11,384,449. Expenditures are projected to increase 3.94% or $8,461,411. The net effect of the projected changes in revenue and expenditures will result in a projected structural deficit of <$6,165,163> and projected operating deficit, including one-time items of <$6,969,057>, resulting in a projected ending Unrestricted General Fund Balance of $27,053,456 including designated reserves, or 12.12% of total expenditures and transfers.

Significant Changes to the Student-Centered Funding Formula

In 2018-2019, the State adopted the Student-Centered Funding Formula (SCFF), the methodology the State will use to allocate funding to community college districts. The formula calculates funding based on three main factors: Base Allocation (enrollment), Supplemental Allocation (number of low-income students served measured by financial aid distribution) and Student Success (number of student success outcomes achieved). The original SCFF legislation contained a hold harmless provision which stated that through the 2021-2022 fiscal year districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. The Governor's 2022-2023 Enacted Budget includes a modified hold harmless provision where starting 2025-2026, Districts would continue to receive funding at the greater of the 2024-2025, without further COLA increases, or the amount calculated under the SCFF.

Linking Budget and Planning

The District Planning and Advisory Council (DPAC) is the District's primary planning body and is responsible for developing the annual Master Plan for Education Update, overseeing long-term planning efforts, reviewing the Vision, Mission, Values and Goals, assessing the College planning process and developing new Strategic Initiatives.

For 2023-2024, the following Action Plans were developed by DPAC and have been approved by the Superintendent/President to be included in the Proposed Adopted Budget:

Develop a Master Plan for Education
Budget: $185,000 (one-time) to be funded by Unrestricted General Fund
Purpose/Goal of Action Plan: Establish a task force comprised of representatives from all constituencies of the District who will work with Administrators and consultant in developing the District's Master Plan of Education.

Launch The Equity-minded Professional Innovation Center, the EpiCenter, to be a Learning and Professional Development Center for All Employee Groups
Budget: $415,750 (ongoing) to be funded by Unrestricted General Fund and $276,250 (ongoing) to be funded by Student Equity and Achievement Program
Purpose/Goal of Action Plan: Support the EpiCenter in its design and implementation of a comprehensive professional development plan for all employee groups, with the outcome to improve student racial equity and sense of belonging on campus.

Additional information regarding the District Planning and Advisory Council and the Annual Action Plans for 2023-2024 can be found at:
https://www.smc.edu/administration/governance/district-planning-policies/documents/2023-2024-Annual-Action-Plans-Approved-signed.pdf

Major Assumptions

The major revenue assumptions include the calculation of apportionment under the Student-Centered Funding Formula, totaling to $166,953,920 or 77.2% of the District's operating revenue. This includes an 8.22% Cost of Living Allowance increase from 2022-2023 of $12,681,216. The adopted budget also assumes an increase in non-resident tuition of $1,604,073 due to an increase in projected non-resident enrollment, the non-repetition of 2022-2023 apportionment deficit factor of $1,481,018 and a non-repetition of prior year HEERF backfill of lost revenues <$3,783,848>. The net effect of all changes in revenues has resulted in a projected increase in total revenues of $11,384,449 or 5.56% from the prior-year actuals.

The major expenditure assumptions include projected increases related to the negotiated salary and benefit increases for all employee groups totaling $9,326,278, increases due to full year effect of hiring and termination $2,644,824, step and longevity increases $2,563,165, current employee and retiree health and welfare benefits $2,232,466, employment and retirement benefits $1,253,627, vacancy list $820,569, insurance and utilities increases $454,529, retroactive and one-time payment in 2022-2023 that will not repeat in 2023-2024 <$4,565,617> and implementation of budget balancing actions that include reduction in hourly instruction and non-instruction; reduction in discretionary budgets (student help, overtime, supplies, and contracts) and salary attrition projected to be <$7,664,661>. The net effect of all changes in expenditures has resulted in a projected increase in total expenditures of approximately $8,461,411 or 3.94% compared with prior year actuals. The breakdown of expenditures is as follows: 91.0% on salaries and benefits, 5.4% on contracts and services, 3.1% insurance and utilities, 0.4% on supplies, and 0.1% on transfers/financial aid.

The net effect of the projected changes in revenue and expenditures will result in a projected structural deficit of <$6,165,133> and projected operating deficit, including one-time items of <$6,969,057>, resulting in a projected ending Unrestricted General Fund Balance of $27,053,456 including designated reserves, or 12.12% of total expenditures and transfers.

Closing

In light of the changes and challenges at both the Local and State level, the District needs to be mindful of keeping its reserves at a level that is financially sound in 2023-2024 and for future years. In order to explore new and innovative ideas that can help to ensure a fiscally sound reserve, while maintaining the Board budgeting principles, the District is actively engaged in the budget planning through a shared governance process. This process, along with the District's enrollment management and revenue generating efforts, should allow the District to maintain a fund balance that is financially sound.

CONTACT THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Christopher M. Bonvenuto, Vice President of Business and Administration via phone by calling (310) 434-4000 or by email at businessservices@smc.edu.

Assets	
Cash and cash equivalents	$ 29,726,444
Investments	367,262,953
Accounts receivable	27,975,731
Student receivables, net	313,949
Prepaid expenses	2,013,063
Inventories	849,373
Capital and right-to-use leased assets	
Nondepreciable capital assets	206,176,463
Depreciable capital assets, net of accumulated depreciation	524,056,767
Right-to-use leased assets, net of accumulated amortization	17,951,214
Total capital and right-to-use leased assets, net	748,184,444
Total assets	1,176,325,957
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	25,867,483
Deferred outflows of resources related to OPEB	49,070,913
Deferred outflows of resources related to pensions	57,264,499
Total deferred outflows of resources	132,202,895
Liabilities	
Accounts payable	40,976,920
Accrued interest payable	10,380,409
Unearned revenue	72,804,411
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	30,394,796
Long-term liabilities other than OPEB and pensions, due in more than one year	796,183,329
Aggregate net other postemployment benefits (OPEB) liability	165,142,670
Aggregate net pension liability	178,938,939
Total liabilities	1,294,821,474
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	33,945,708
Deferred inflows of resources related to pensions	33,472,126
Total deferred inflows of resources	67,417,834
Net Position (Deficit)	
Net investment in capital assets	215,999,754
Restricted for	
Debt service	33,826,782
Capital projects	9,455,006
Educational programs	14,352,543
Other activities	3,261,748
Unrestricted deficit	(330,606,289)
Total net position (deficit)	$ (53,710,456)

Operating Revenues	
Tuition and fees	$ 54,318,271
Less: Scholarship discounts and allowances	(11,540,365)
Net tuition and fees	42,777,906
Grants and contracts, noncapital	
Federal	9,778,604
State	25,926,129
Local	1,139,390
Total grants and contracts, noncapital	36,844,123
Auxiliary enterprise sales and charges	
Bookstore	1,935,628
Total operating revenues	81,557,657
Operating Expenses	
Salaries	156,318,136
Employee benefits	65,063,460
Supplies, materials, and other operating expenses and services	36,030,957
Student financial aid	49,819,389
Equipment, maintenance, and repairs	3,874,924
Depreciation and amortization	33,500,308
Total operating expenses	344,607,174
Operating Loss	(263,049,517)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	103,377,276
Local property taxes, levied for general purposes	42,265,386
Taxes levied for other specific purposes	47,880,297
Federal and State financial aid grants	49,052,537
State taxes and other revenues	16,028,219
Investment income	6,080,107
Interest expense on capital related debt	(27,605,845)
Investment income on capital asset-related debt, net	454,391
Other nonoperating revenue	10,352,349
Total nonoperating revenues (expenses)	247,884,717
Loss Before Other Revenues	(15,164,800)
Other Revenues (Losses)	
State revenues, capital	17,561,076
Local revenues, capital	5,404,940
Loss on disposal of capital assets	(1,329,969)
Total other revenues (losses)	21,636,047
Change In Net Position (Deficit)	6,471,247
Net Position (Deficit), Beginning of Year	(60,181,703)
Net Position (Deficit), End of Year	$ (53,710,456)

Cash Flows from Operating Activities	
Tuition and fees	$ 42,756,266
Federal, state, and local grants and contracts, noncapital	56,430,308
Auxiliary sales	1,935,628
Payments to or on behalf of employees	(217,796,354)
Payments to vendors for supplies and services	(43,096,431)
Payments to students for scholarships and grants	(49,819,389)
Net cash flows from operating activities	(209,589,972)
Cash Flows from Noncapital Financing Activities	
State apportionments	102,185,963
Federal and state financial aid grants	75,990,519
Property taxes - nondebt related	42,265,386
State taxes and other apportionments	16,541,660
Other nonoperating	10,525,970
Net cash flows from noncapital financing activities	247,509,498
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(52,652,034)
State revenue, capital	27,116,697
Local revenue, capital	5,404,940
Property taxes - related to capital debt	47,880,297
Principal paid on capital debt	(28,931,881)
Interest paid on capital debt	(24,235,968)
Interest received on capital asset-related debt	454,391
Net cash flows from capital financing activities	(24,963,558)
Cash Flows from Investing Activities	
Change in fair market value of cash in county treasury	(3,258,879)
Interest received from investments	6,175,503
Net cash flows from investing activities	2,916,624
Change In Cash and Cash Equivalents	15,872,592
Cash and Cash Equivalents, Beginning of Year	381,116,805
Cash and Cash Equivalents, End of Year	$ 396,989,397

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (263,049,517)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	33,500,308
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	19,704,520
Student receivables, net	(47,319)
Inventories	(283,667)
Prepaid expenses	829,603
Deferred outflows of resources related to OPEB	10,767,426
Deferred outflows of resources related to pensions	(18,464,578)
Accounts payable	123,042
Unearned revenue	(92,656)
Compensated absences	1,284,709
Load banking	852,875
Supplemental early retirement plan	(1,275,738)
Aggregate net OPEB liability	(23,256,370)
Aggregate net pension liability	62,690,862
Deferred inflows of resources related to OPEB	26,433,784
Deferred inflows of resources related to pensions	(59,307,256)
Total adjustments	53,459,545
Net cash flows from operating activities	$ (209,589,972)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 29,726,444
Cash in county treasury	367,262,953
Total cash and cash equivalents	$ 396,989,397
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 1,508,722
Amortization of debt premiums	$ 4,494,367
Accretion of interest on capital appreciation bonds	$ 5,112,143
Recognition of lease liabilities arising from obtaining right-to-use leased assets	$ 195,978

	Retiree OPEB Trust
Assets	
Investments	$ 9,124,172
Net Position	
Restricted for postemployment benefits other than pensions	$ 9,124,172

	Retiree OPEB Trust
Additions	
District contributions	$ 5,247,767
Investment income	554,076
Total additions	5,801,843
Deductions	
Benefit payments	5,247,767
Administrative expenses	7,415
Total deductions	5,255,182
Change in Net Position	546,661
Net Position - Beginning of Year	8,577,511
Net Position - End of Year	$ 9,124,172

Note 1 - Organization

Santa Monica Community College District (the District) was established in 1929 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and several locations within Los Angeles County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District identified no component units that met the criteria listed above.

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

- Santa Monica College Foundation - The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized for educational purposes. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

- KCRW Foundation - The Foundation is a separate not-for-profit corporation which has an affiliation in the District's KCRW-FM radio station. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

- Madison Project Foundation - The Foundation is a separate not-for-profit corporation incorporated for the purpose of programming, presenting, and producing for the general public performances and productions for Madison Theatre. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and financial related activities.

Separate financial statements for the three foundations can be obtained through the District.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivables include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $512,261 for the year ended June 30, 2023.

Prepaid Expenses

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

Inventories

Inventories consist primarily of bookstore merchandise. Inventories are stated at cost, utilizing the weighted average method lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method with half-year conventions. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 10 years; vehicles, 8 years; and technology 5 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

Compensated Absences and Load Banking

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

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Leases

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability is funded through payments for benefits and is reported within the fund the employees' salaries are charged.

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital and right-to-use leased assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $60,896,079 of restricted net position, and the fiduciary funds financial statements report $9,124,172 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2002, 2004, 2008, and 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91*, Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

The District deposits substantially all receipts and collections of monies with their County Treasurer. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments of as of June 30, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 26,635,670	$ -
Cash in revolving	25,000	-
Cash with fiscal agent	3,065,774	-
Investments	367,262,953	9,124,172
Total deposits and investments	$ 396,989,397	$ 9,124,172

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment Pool and mutual funds evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Los Angeles County investment pool	$ 367,262,953	753	Not rated
Mutual funds	9,124,172	No maturity	Not rated
Total	$ 376,387,125		

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool and Mutual funds are not required to be rated, nor have they been rated as of June 30, 2023.

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately $26.7 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of approximately $8.6 million was exposed to custodial credit risk because it exceeded Securities Investor Protection Corporation (SIPC) insurance of $500,000. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2023:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	$ 9,124,172	$ 9,124,172	$ -	$ -

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2023 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 5,793,146
State Government	
Apportionment	15,222,033
Categorical aid	452,246
Lottery	340,973
Local Sources	
Interest	3,288,506
Other local sources	2,878,827
Total	$ 27,975,731
Student receivables	$ 826,210
Less: allowance for bad debt	(512,261)
Student receivables, net	$ 313,949

Note 6 - Capital and Right-to-use Leased Assets

Capital and right-to-use leased asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 71,217,761	$ -	$ -	$ 71,217,761
Construction in progress	86,949,148	48,950,089	(940,535)	134,958,702
Total capital assets not being depreciated	158,166,909	48,950,089	(940,535)	206,176,463
Capital Assets Being Depreciated				
Buildings and improvements	760,344,232	1,040,403	(1,614,514)	759,770,121
Furniture and equipment	34,488,512	1,516,854	(138,765)	35,866,601
Total capital assets being depreciated	794,832,744	2,557,257	(1,753,279)	795,636,722
Total capital assets	952,999,653	51,507,346	(2,693,814)	1,001,813,185
Less Accumulated Depreciation				
Buildings and improvements	(211,554,934)	(30,589,440)	289,701	(241,854,673)
Furniture and equipment	(28,110,233)	(1,748,658)	133,609	(29,725,282)
Total accumulated depreciation	(239,665,167)	(32,338,098)	423,310	(271,579,955)
Net capital assets	713,334,486	19,169,248	(2,270,504)	730,233,230
Right-to-use Leased Assets Being Amortized				
Land improvements	18,658,798	-	-	18,658,798
Buildings and improvements	1,524,926	195,978	(899,949)	820,955
Total right-to-use leased assets being amortized	20,183,724	195,978	(899,949)	19,479,753
Less Accumulated Amortization				
Land improvements	(502,030)	(502,030)	-	(1,004,060)
Buildings and improvements	(764,248)	(660,180)	899,949	(524,479)
Total accumulated amortization	(1,266,278)	(1,162,210)	899,949	(1,528,539)
Net right-to-use leased assets	18,917,446	(966,232)	-	17,951,214
Total capital and right-to-use leased assets, net	$ 732,251,932	$ 18,203,016	$ (2,270,504)	$ 748,184,444

Note 7 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2023 consisted of the following:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 783,220,213	$ 5,112,143	$ (28,055,000)	$ 760,277,356	$ 28,675,000
Bond premium	32,879,481	-	(4,494,367)	28,385,114	-
Leases	19,162,550	195,978	(876,881)	18,481,647	444,058
Compensated absences	11,098,701	1,284,709	-	12,383,410	-
Load banking	3,646,248	852,875	-	4,499,123	-
Supplemental employee retirement plan	3,827,213	-	(1,275,738)	2,551,475	1,275,738
Total	$ 853,834,406	$ 7,445,705	$ (34,701,986)	$ 826,578,125	$ 30,394,796

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences, load banking, and supplemental employee retirement plan liabilities will be paid by the fund for which the employee worked. Payments on leases are made by the fund which receives the benefit of the underlying leased asset.

Remaining Outstanding Bonded Debt

Measure U

On March 5, 2002, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $160,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series B 2004 bonds were issued on May 13, 2004 for $21,675,000 of current interest bonds and $324,971 of capital appreciation bonds. Interest rates range from 3.00% to 5.00% payable semiannually on May 1 and November 1. The bonds were issued with maturity dates from May 1, 2006 through May 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2023 was $3,192,234.

Series A 2007 bonds were issued on January 31, 2007 for $11,999,987 of capital appreciation bonds. Interest rates range from 4.20% to 4.74% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2031. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2023 was $9,715,103.

Series E 2010 bonds were issued on January 26, 2010 for $10,998,993 of capital appreciation bonds. Interest rates range from 3.92% to 5.70% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2016 through August 1, 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2023 was $9,431,873.

Refunding Series A 2013 bonds were issued on June 5, 2013 for $108,405,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. Interest rates range from 2.00% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2013 through August 1, 2030. The principal balance outstanding at June 30, 2023 was $22,195,000.

Measure S

On November 2, 2004, at an election held within the boundaries of the District, the voters' authorized bonds to be sold in the amount of $135,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series C 2009 bonds were issued on March 24, 2009 for $30,885,000 of current interest bonds and $26,112,857 capital appreciation bonds. Interest rate ranges from 4.50% to 6.60% payable semiannually on August 1 and February 1. The Bonds were issued with maturity dates from August 1, 2012 through August 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2023 was $61,356,186.

Measure AA

On November 4, 2008, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $295,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series B 2014 bonds were issued on October 30, 2014 for $121,100,000 of current interest bonds and $23,895,829 capital appreciation bonds. Interest rates range from 1.00% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2044. The principal balance outstanding at June 30, 2023 was $15,446,960.

Series C 2017 bonds were issued on March 30, 2017 for $45,000,000 of current interest bonds. Interest rates range from 3.65% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2026 through August 1, 2037. The principal balance outstanding at June 30, 2023 was $45,000,000.

Series C-1 2017 bonds were issued on March 30, 2017 for $5,000,000 of federally taxable current interest bonds. Interest rates range from 1.38% to 3.21% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2018 through August 1, 2026. The principal balance outstanding at June 30, 2023 was $1,305,000.

Refunding Series A 2017 bonds were issued on March 30, 2017 for $25,395,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. The interest rates range from 2.00% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2017 through August 1, 2023. The principal balance outstanding at June 30, 2023 was $3,210,000.

Series A 2018 Crossover Refunding bonds were issued on April 18, 2018 for $69,360,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding Series A-1 general obligation bonds on the crossover date of August 1, 2020. Interest rates range from 2.72% to 3.94% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2034. The principal balance outstanding at June 30, 2023 was $68,550,000.

Measure V

On November 4, 2016, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $345,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing, and equipping of District facilities.

Series A 2018 bonds were issued on April 18, 2018 for $180,000,000 of current interest bonds. Interest rates range from 3.65% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2020 through August 1, 2047. The principal balance outstanding at June 30, 2023 was $159,565,000.

Refunding Series A 2020 bonds were issued on December 22, 2020 for $201,495,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. The interest rates range from 0.20% to 2.80% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2044. The principal balance outstanding at June 30, 2023 was $196,310,000.

Series B 2022 bonds were issued on May 11, 2022 for $50,000,000 of current interest bonds. Interest rates range from 3.41% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2023 through August 1, 2045. The principal balance outstanding at June 30, 2023 was $50,000,000.

Series B-1 2022 bonds were issued on May 11, 2022 for $115,000,000 of current interest bonds. Interest rates range from 2.93% to 4.72% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2024 through August 1, 2042. The principal balance outstanding at June 30, 2023 was $115,000,000.

Debt Maturity

General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2022	Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2023
2004, B	5/13/04	5/1/29	3.00-5.00%	$ 21,999,971	$ 3,010,461	$ 181,773	$ -	$ 3,192,234
2007, A	1/31/07	8/1/31	4.20-4.74%	11,999,987	10,582,220	517,883	(1,385,000)	9,715,103
2010, E	1/26/10	8/1/26	3.92-5.70%	10,998,993	10,931,741	560,132	(2,060,000)	9,431,873
Subtotal 2002 Measure U Election				44,998,951	24,524,422	1,259,788	(3,445,000)	22,339,210
2009, C	3/24/09	8/1/29	4.50-6.60%	56,997,857	57,676,026	3,680,160	-	61,356,186
Subtotal 2004 Measure S Election				56,997,857	57,676,026	3,680,160	-	61,356,186
2014, B	10/30/14	8/1/44	1.00-5.00%	144,995,829	16,544,765	172,195	(1,270,000)	15,446,960
2017, C	3/30/17	8/1/37	3.65-5.00%	45,000,000	45,000,000	-	-	45,000,000
2017, C-1	3/30/17	8/1/26	1.38-3.21%	5,000,000	1,425,000	-	(120,000)	1,305,000
Subtotal 2008 Measure AA Election				194,995,829	62,969,765	172,195	(1,390,000)	61,751,960
2018, A	4/18/18	8/1/47	3.65-5.00%	180,000,000	165,930,000	-	(6,365,000)	159,565,000
2022, B	5/11/22	8/1/45	3.41-5.00%	50,000,000	50,000,000	-	-	50,000,000
2022, B-1	5/11/22	8/1/42	2.93-4.72%	115,000,000	115,000,000	-	-	115,000,000
Subtotal 2016 Measure V Election				345,000,000	330,930,000	-	(6,365,000)	324,565,000
2013, A	6/5/13	8/1/30	2.00-5.00%	108,405,000	28,335,000	-	(6,140,000)	22,195,000
2017, A	3/30/17	8/1/23	2.00-5.00%	25,395,000	12,035,000	-	(8,825,000)	3,210,000
2018, A*	4/18/18	8/1/34	2.72-3.94%	69,360,000	68,960,000	-	(410,000)	68,550,000
2020, A	12/22/20	8/1/44	0.20-2.80%	201,495,000	197,790,000	-	(1,480,000)	196,310,000
Subtotal Refunding Bonds				404,655,000	307,120,000	-	(16,855,000)	290,265,000
Subtotal General Obligation Bonds					783,220,213	5,112,143	(28,055,000)	760,277,356
Premium on Bonds					32,879,481	-	(4,494,367)	28,385,114
					$ 816,099,694	$ 5,112,143	$ (32,549,367)	$ 788,662,470

* Crossover refunding bonds

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2024	$ 28,289,799	$ 385,201	$ 24,557,695	$ 53,232,695
2025	30,321,520	1,173,480	23,859,281	55,354,281
2026	32,596,584	2,023,416	23,111,022	57,731,022
2027	35,320,029	3,224,971	22,416,064	60,961,064
2028	33,012,973	4,102,027	21,881,581	58,996,581
2029-2033	148,781,451	10,543,549	99,111,897	258,436,897
2034-2038	159,340,000	-	75,229,658	234,569,658
2039-2043	154,890,000	-	44,288,284	199,178,284
2044-2048	137,725,000	-	10,446,557	148,171,557
Total	$ 760,277,356	$ 21,452,644	$ 344,902,039	$ 1,126,632,039

Supplemental Employee Retirement Plan (SERP)

On June 2, 2020, the District adopted a one-time SERP for the following employees: full-time and part-time faculty. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by June 30, 2020. In exchange for early retirement, the District contributed 75% of the 2019-20 annual salary for full-time faculty, or 75% of calendar year 2019 District earnings for part-time faculty. The District had 64 employees that enrolled in the SERP. The remaining obligation as of June 30, 2023 is $1,497,856.

On September 1, 2020, the District adopted a one-time SERP for the following employees: permanent classified employees (including confidential classified employees), classified manager and administrators, and academic administrators with the exception of senior administrative staff . To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by September 30, 2020. In exchange for early retirement, the District will contribute 75% of calendar year 2019 District earnings. The District had 33 employees that enrolled in the SERP. The remaining obligation as of June 30, 2023 is $1,053,619.

Scheduled SERP payments are as follows:

Year Ending June 30,	
2024	$ 1,275,738
2025	1,275,737
Total	$ 2,551,475

Leases

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

Leases	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Warehouse lease	$ 383,331	$ -	$ (253,768)	$ 129,563
Santa Monica Airport lease I	390,161	-	(390,161)	-
Santa Monica Airport lease II	-	195,978	(23,732)	172,246
Madison Site lease	18,389,058	-	(209,220)	18,179,838
Total	$ 19,162,550	$ 195,978	$ (876,881)	$ 18,481,647

Warehouse Lease

The District entered an agreement to lease facilities space for use as a warehouse with a term that extends to December 31, 2023. Under the terms of the lease, the District pays monthly payments that increase annually by the CPI-U rate for the Los Angeles-Riverside-Orange County area. The District paid total principal and interest costs of $261,240. At June 30, 2023, the District has recognized a right to use asset, net of accumulated amortization, of $124,995 and a lease liability of $129,563 related to this agreement. During the fiscal year, the District recorded $249,991 in amortization expense and $7,472 in interest expense for the right to use of the facilities. District used a discount rate of 2.79% based on the estimated incremental borrowing rate for financing over a similar time period.

Santa Monica Airport Lease I

The District entered an agreement to lease facilities space with a term that terminated on March 2023. Under the terms of the lease, the District paid monthly payments of $43,685, increasing 2.50% annually. The District paid total principal and interest costs of $394,236. During the fiscal year, the District recorded $385,692 in amortization expense and $4,075 in interest expense for the right to use of the facilities. District used a discount rate of 2.50% based on the estimated incremental borrowing rate for financing over a similar time period.

Santa Monica Airport Lease II

The District entered an agreement to lease facilities space with a term that extends to March 2025. Under the terms of the lease, the District paid monthly payments of $8,319, increasing 4.00% annually. The District paid total principal and interest costs of $24,957. At June 30, 2023, the District has recognized a right to use asset, net of accumulated amortization, of $171,481 and a lease liability of $172,246 related to this agreement. During the fiscal year, the District recorded $24,497 in amortization expense and $1,225 in interest expense for the right to use of the facilities. District used a discount rate of 4.00% based on the estimated incremental borrowing rate for financing over a similar time period.

Madison Site Lease

The District entered a ground lease agreement with a term that extends to August 2058. Under the terms of the lease, the District pays annual payments that increase every five years by the aggregate cost-of-living adjustment for community colleges over the prior five years as approved each year by the State legislature. The District paid total principal and interest costs of $1,011,495. At June 30, 2023, the District has recognized a right to use asset, net of accumulated amortization, of $17,654,738 and a lease liability of $18,179,838 related to this agreement. During the fiscal year, the District recorded $502,030 in amortization expense and $802,275 in interest expense for the right to use of the facilities. District used a discount rate of 4.50% based on the estimated incremental borrowing rate for financing over a similar time period.

The District’s liability on lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2024	$ 444,058	$ 798,884	$ 1,242,942
2025	305,468	783,892	1,089,360
2026	239,400	772,095	1,011,495
2027	250,398	761,097	1,011,495
2028	261,901	749,594	1,011,495
2029-2033	1,501,424	3,556,051	5,057,475
2034-2038	1,879,476	3,177,999	5,057,475
2039-2043	2,352,719	2,704,756	5,057,475
2044-2048	2,945,123	2,112,352	5,057,475
2049-2053	3,686,693	1,370,782	5,057,475
2054-2058	4,614,987	442,487	5,057,474
Total	$ 18,481,647	$ 17,229,989	$ 35,711,636

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 164,591,475	$ 49,070,913	$ 33,945,708	$ 14,136,591
Medicare Premium Payment (MPP) Program	551,195	-	-	(191,751)
Total	$ 165,142,670	$ 49,070,913	$ 33,945,708	$ 13,944,840

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust Fund.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	624
Active employees	944
Total	1,568

Retiree Health Benefit OPEB Trust

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

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Faculty Association (FA), the local California Service Employees Association (CSEA), the Police Officers' Association (POA), and unrepresented groups. The voluntary contribution is based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2022, the District contributed $5,294,556 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
Equities	59%
Fixed income	25%
Real estate investment trusts	8%
Commodities	3%
Treasury Inflation Protected Securities (TIPS)	5%

Rate of Return

For the measurement period of June 30, 2022, the annual money-weighed rate of return on investments, net of investment expense, was -13.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability $164,591,475 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 173,168,986
Plan fiduciary net position	(8,577,511)
Net OPEB liability	$ 164,591,475
Plan fiduciary net position as a percentage of the total OPEB liability	4.95%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	3.87%
Healthcare cost trend rate	4.00%

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equities	7.55%
Fixed income	4.25%
Real estate investment trusts	7.25%
Commodities	7.55%
Treasury Inflation Protected Securities (TIPS)	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2021	$ 197,564,001	$ 9,907,907	$ 187,656,094
Service cost	8,127,245	-	8,127,245
Interest	5,413,008	-	5,413,008
Difference between expected and actual experience	54,634	-	54,634
Contributions - employer	-	5,294,556	(5,294,556)
Expected investment income	-	668,526	(668,526)
Differences between projected and actual earnings on OPEB plan investments	-	(1,990,587)	1,990,587
Changes of assumptions	(32,695,346)	-	(32,695,346)
Benefit payments	(5,294,556)	(5,294,556)	-
Administrative expense	-	(8,335)	8,335
Net change in total OPEB liability	(24,395,015)	(1,330,396)	(23,064,619)
Balance, June 30, 2022	$ 173,168,986	$ 8,577,511	$ 164,591,475

Changes of economic assumptions reflect a change in the discount rate from 2.72% to 3.87% since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 192,705,084
Current discount rate (3.87%)	164,591,475
1% increase (4.87%)	143,711,215

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 137,276,281
Current healthcare cost trend rate (4.00%)	164,591,475
1% increase (5.00%)	197,519,881

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 5,247,767	$ -
Differences between expected and actual experience	820,122	6,058,502
Changes of assumptions	42,285,541	27,887,206
Net difference between projected and actual earnings on OPEB plan investments	717,483	-
Total	$ 49,070,913	$ 33,945,708

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 105,875
2025	132,371
2026	80,339
2027	398,898
Total	$ 717,483

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 6.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 6,450,465
2025	6,450,465
2026	3,338,059
2027	1,005,285
2028	(4,244,237)
Thereafter	(3,840,082)
Total	$ 9,159,955

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $551,195 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1673% and 0.1863%, respectively, resulting in a net decrease in the proportionate share of 0.0190%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(191,751).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2021, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 600,908
Current discount rate (3.54%)	551,195
1% increase (4.54%)	508,149

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 505,742
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	551,195
1% increase (5.50% Part A and 6.40% Part B)	602,719

Note 9 - Participation in Public Entity Risk Pools and Joint Powers Authorities

Joint Powers Agreement

The Santa Monica Community College District participates in three joint powers agreement (JPA) entities; the Alliance of Schools for Cooperative Insurance Programs (ASCIP); the Southern California Community College District Joint Powers Agency (SCCCD-JPA); and the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes, as explained below.

ASCIP provides its members with high quality, high value employee benefit programs and related services. Payments transferred to funds maintained under the JPA are expensed when earned. Claim liabilities of the JPA are recomputed periodically by an actuary to produce current estimates that reflect trend and claim lag time.

SCCCD JPA provides workers' compensation and retiree health insurance coverage for its seven member districts. Payments transferred to funds maintained under the JPA are expensed when earned. SCCCD JPA has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

SWACC provides liability and property insurance for approximately nineteen community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members. Each member shares surpluses and deficits proportionately to its participation in SWACC.

Separate financial statements for each JPA may be obtained from the respective entity.

Note 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 77,471,604	$ 22,889,053	$ 27,070,003	$ 2,167,145
CalPERS - Schools Pool Plan	95,683,947	31,883,620	5,865,142	9,813,754
CalPERS - Safety Pool Plan	5,783,388	2,491,826	536,981	(103,852)
Total	$ 178,938,939	$ 57,264,499	$ 33,472,126	$ 11,877,047

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.10% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $14,029,356.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 77,471,604
State's proportionate share of net pension liability associated with the District	38,797,476
Total	$ 116,269,080

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1115% and 0.1239%, respectively, resulting in a net decrease in the proportionate share of 0.0124%.

For the year ended June 30, 2023, the District recognized pension expense of $2,167,145. In addition, the District recognized pension expense and revenue of $3,128,991 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,029,356	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,954,118	17,472,736
Differences between projected and actual earnings on pension plan investments	-	3,788,513
Differences between expected and actual experience in the measurement of the total pension liability	63,551	5,808,754
Changes of assumptions	3,842,028	-
Total	$ 22,889,053	$ 27,070,003

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (2,782,943)
2025	(3,014,848)
2026	(4,528,913)
2027	6,538,191
Total	$ (3,788,513)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (616,790)
2025	(3,378,662)
2026	(3,530,858)
2027	(1,947,745)
2028	(3,112,967)
Thereafter	(1,834,771)
Total	$ (14,421,793)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 131,575,517
Current discount rate (7.10%)	77,471,604
1% increase (8.10%)	32,549,089

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

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under 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.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: http://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are 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 contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $12,928,663.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $95,683,947. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.2781% and 0.2795%, respectively, resulting in a net decrease in the proportionate share of 0.0014%.

For the year ended June 30, 2023, the District recognized pension expense of $9,813,754. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,928,663	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	146,695	3,484,403
Differences between projected and actual earnings on pension plan investments	11,297,672	-
Differences between expected and actual experience in the measurement of the total pension liability	432,436	2,380,739
Changes of assumptions	7,078,154	-
Total	$ 31,883,620	$ 5,865,142

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,884,093
2025	1,671,060
2026	853,597
2027	6,888,922
Total	$ 11,297,672

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 564,826
2025	73,741
2026	1,233,773
2027	(80,197)
Total	$ 1,792,143

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments 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 one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 138,220,307
Current discount rate (6.90%)	95,683,947
1% increase (7.90%)	60,529,209

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

Plan Description

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

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. 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 Special Death Benefit is provided to an employee's eligible survivors if the member dies while actively employed and the death is job-related. 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, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	2.4% - 3.0%	2.4% - 3.0%
Required employee contribution rate	9.00%	12.75%
Required employer contribution rate	22.480%	13.660%
Required unfunded liability payment to CalPERS	$401,550	$6,018

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $756,053.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the Safety Risk Pool net pension liability totaling $5,783,388. The net pension liability was measured as of June 30, 2022. 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 employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0842% and 0.0862%, respectively, resulting in a net decrease in the proportionate share of 0.0020%.

For the year ended June 30, 2023, the District recognized pension expense of $(103,852). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 756,053	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	474,178
Differences between projected and actual earnings on pension plan investments	913,278	-
Differences between expected and actual experience in the measurement of the total pension liability	239,354	62,803
Changes of assumptions	583,141	-
Total	$ 2,491,826	$ 536,981

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 148,452
2025	134,388
2026	73,326
2027	557,112
Total	$ 913,278

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 175,370
2025	212,915
2026	(102,771)
Total	$ 285,514

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 9,046,643
Current discount rate (6.90%)	5,783,388
1% increase (7.90%)	3,116,414

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $6,223,922 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 11 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had approximately $28.8 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Required Supplementary Information
June 30, 2023

Santa Monica Community College District

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 8,127,245	$ 8,953,512	$ 5,795,480	$ 6,105,492	$ 3,195,698
Interest	5,413,008	5,395,376	6,084,407	5,714,585	3,877,120
Difference between expected and actual experience	54,634	(8,660,201)	(139,553)	1,804,887	-
Changes of assumptions	(32,695,346)	13,194,796	35,913,407	-	38,386,338
Benefit payments	(5,294,556)	(5,287,086)	(4,712,032)	(4,570,707)	(4,110,488)
Net change in total OPEB liability	(24,395,015)	13,596,397	42,941,709	9,054,257	41,348,668
Total OPEB Liability - Beginning	197,564,001	183,967,604	141,025,895	131,971,638	90,622,970
Total OPEB Liability - Ending (a)	$173,168,986	$197,564,001	$183,967,604	$141,025,895	$131,971,638
Plan Fiduciary Net Position					
Contributions - employer	$ 5,294,556	$ 5,287,086	$ 4,712,032	$ 4,570,707	$ 4,110,488
Expected investment income	668,526	543,907	528,729	307,557	283,932
Differences between projected and actual earnings on OPEB plan investments	(1,990,587)	1,596,276	(260,187)	132,507	240,674
Benefit payments	(5,294,556)	(5,287,086)	(4,712,032)	(4,570,707)	(4,110,488)
Administrative expense	(8,335)	(7,575)	(6,466)	(6,033)	(5,909)
Net change in plan fiduciary net position	(1,330,396)	2,132,608	262,076	434,031	518,697
Plan Fiduciary Net Position - Beginning	9,907,907	7,775,299	7,513,223	7,079,192	6,560,495
Plan Fiduciary Net Position - Ending (b)	$ 8,577,511	$ 9,907,907	$ 7,775,299	$ 7,513,223	$ 7,079,192
Net OPEB Liability - Ending (a) - (b)	$164,591,475	$187,656,094	$176,192,305	$133,512,672	$124,892,446
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.95%	5.02%	4.23%	5.33%	5.36%
Covered Employee Payroll	$111,739,086	$ 97,376,906	$ 95,739,112	$ 95,906,429	$ 89,704,765
Net OPEB Liability as a Percentage of Covered Employee Payroll	147.30%	192.71%	184.03%	139.21%	139.23%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018
Total OPEB Liability	
Service cost	$ 2,729,563
Interest	5,953,537
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(3,573,461)
Net change in total OPEB liability	5,109,639
Total OPEB Liability - Beginning	85,513,331
Total OPEB Liability - Ending (a)	$ 90,622,970
Plan Fiduciary Net Position	
Contributions - employer	$ 3,573,461
Expected investment income	629,498
Differences between projected and actual earnings on OPEB plan investments	-
Benefit payments	(3,573,461)
Administrative expense	(5,279)
Net change in plan fiduciary net position	624,219
Plan Fiduciary Net Position - Beginning	5,936,276
Plan Fiduciary Net Position - Ending (b)	$ 6,560,495
Net OPEB Liability - Ending (a) - (b)	$ 84,062,475
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.24%
Covered Employee Payroll	$ 88,956,668
Net OPEB Liability as a Percentage of Covered Employee Payroll	94.50%
Measurement Date	June 30, 2017

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

	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	-13.43%	27.43%	3.49%	5.78%	7.91%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018
Annual money-weighted rate of return, net of investment expense	9.99%
Measurement Date	June 30, 2017

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

Year ended June 30,	2023	2022	2021	2020	2019
Proportion of the net OPEB liability	0.1673%	0.1863%	0.2199%	0.2046%	0.2171%
Proportionate share of the net OPEB liability	$ 551,195	$ 742,946	$ 931,992	$ 762,047	$ 831,079
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2018
Proportion of the net OPEB liability	0.1025%
Proportionate share of the net OPEB liability	$ 431,393
Covered payroll	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Measurement Date	June 30, 2017

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

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1115%	0.1239%	0.1262%	0.1157%	0.1270%
Proportionate share of the net pension liability	$ 77,471,604	$ 56,391,618	$ 122,311,981	$ 104,474,234	$ 116,762,335
State's proportionate share of the net pension liability associated with the District	38,797,476	28,374,075	63,051,841	56,997,669	66,851,898
Total	$ 116,269,080	$ 84,765,693	$ 185,363,822	$ 161,471,903	$ 183,614,233
Covered payroll	$ 66,692,157	$ 59,052,489	$ 67,322,725	$ 64,156,210	$ 65,674,109
Proportionate share of the net pension liability as a percentage of its covered payroll	116.16%	95.49%	181.68%	162.84%	177.79%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS - Schools Pool Plan					
Proportion of the net pension liability	0.2781%	0.2795%	0.2996%	0.2868%	0.3041%
Proportionate share of the net pension liability	$ 95,683,947	$ 56,832,241	$ 91,930,297	$ 83,586,461	$ 81,077,355
Covered payroll	$ 43,195,827	$ 36,686,623	$ 42,834,506	$ 39,761,328	$ 40,775,604
Proportionate share of the net pension liability as a percentage of its covered payroll	221.51%	154.91%	214.62%	210.22%	198.84%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.1256%	0.1300%	0.1454%	0.1260%
Proportionate share of the net pension liability	$ 116,112,075	$ 105,165,413	$ 97,899,000	$ 78,305,580
State's proportionate share of the net pension liability associated with the District	68,690,922	59,868,794	51,777,779	44,461,794
Total	$ 184,802,997	$ 165,034,207	$ 149,676,779	$ 122,767,374
Covered payroll	$ 63,740,755	$ 66,704,529	$ 61,600,000	$ 58,100,000
Proportionate share of the net pension liability as a percentage of its covered payroll	182.16%	157.66%	158.93%	134.78%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Schools Pool Plan				
Proportion of the net pension liability	0.3142%	0.3087%	0.3072%	0.3302%
Proportionate share of the net pension liability	$ 74,998,103	$ 60,962,426	$ 45,285,610	$ 37,485,740
Covered payroll	$ 39,418,152	$ 36,460,615	$ 33,980,000	$ 35,000,000
Proportionate share of the net pension liability as a percentage of its covered payroll	190.26%	167.20%	133.27%	107.10%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalPERS - Safety Pool Plan					
Proportion of the net pension liability	0.0842%	0.0862%	0.0738%	0.0707%	0.0685%
Proportionate share of the net pension liability	$ 5,783,388	$ 3,024,218	$ 4,919,902	$ 4,416,271	$ 4,017,624
Covered payroll	$ 1,851,102	$ 1,637,794	$ 1,845,603	$ 1,666,887	$ 1,583,133
Proportionate share of the net pension liability as a percentage of its covered payroll	312.43%	184.65%	266.57%	264.94%	253.78%
Plan fiduciary net position as a percentage of the total pension liability	76%	87%	73%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalPERS - Safety Pool Plan				
Proportion of the net pension liability	0.0663%	0.0652%	0.0602%	0.0394%
Proportionate share of the net pension liability	$ 3,961,254	$ 3,375,206	$ 2,480,980	$ 2,448,810
Covered payroll	$ 1,619,385	$ 1,393,007	$ 1,338,476	$ 1,109,427
Proportionate share of the net pension liability as a percentage of its covered payroll	244.61%	242.30%	185.36%	220.73%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	77%	81%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 14,029,356	$ 11,284,313	$ 9,536,977	$ 11,512,186	$ 10,444,631
Contributions in relation to the contractually required contribution	(14,029,356)	(11,284,313)	(9,536,977)	(11,512,186)	(10,444,631)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 73,452,126	$ 66,692,157	$ 59,052,489	$ 67,322,725	$ 64,156,210
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS - Schools Pool Plan					
Contractually required contribution	$ 12,928,663	$ 9,896,164	$ 7,594,131	$ 8,447,393	$ 7,181,691
Contributions in relation to the contractually required contribution	(12,928,663)	(9,896,164)	(7,594,131)	(8,447,393)	(7,181,691)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 50,960,438	$ 43,195,827	$ 36,686,623	$ 42,834,506	$ 39,761,328
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%
CalPERS - Safety Pool Plan					
Contractually required contribution	$ 756,053	$ 693,133	$ 594,592	$ 562,493	$ 467,958
Contributions in relation to the contractually required contribution	(756,053)	(693,133)	(594,592)	(562,493)	(467,958)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,937,287	$ 1,851,102	$ 1,637,794	$ 1,845,603	$ 1,666,887
Contributions as a percentage of covered payroll	39.03%	37.44%	36.30%	30.48%	28.07%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 9,476,774	$ 8,018,587	$ 7,157,396	$ 5,472,236
Contributions in relation to the contractually required contribution	(9,476,774)	(8,018,587)	(7,157,396)	(5,472,236)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 65,674,109	$ 63,740,755	$ 66,704,529	$ 61,600,000
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Pool Plan				
Contractually required contribution	$ 6,332,859	$ 5,474,393	$ 4,319,489	$ 3,999,787
Contributions in relation to the contractually required contribution	(6,332,859)	(5,474,393)	(4,319,489)	(3,999,787)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 40,775,604	$ 39,418,152	$ 36,460,615	$ 33,980,000
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%
CalPERS - Safety Pool Plan				
Contractually required contribution	$ 407,109	$ 387,467	$ 331,257	$ 301,157
Contributions in relation to the contractually required contribution	(407,109)	(387,467)	(331,257)	(301,157)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,583,133	$ 1,619,385	$ 1,393,007	$ 1,338,476
Contributions as a percentage of covered payroll	25.72%	23.93%	23.78%	22.50%

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

Note 1 - Purpose of Schedules

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.72% to 3.87% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuation. The CalPERS plans rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuations.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2023

Santa Monica Community College District

Established in 1929, Santa Monica College is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The College offers programs of the highest quality for Santa Monica, Malibu, and other students who continue on with their higher education studies; offers programs of remediation and reentry; is a leading community provider of programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community services programs of personal interest. The District's college accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States. There were no changes in the boundaries of the District during the current year.

Board of Trustees as of June 30, 2023

Member	Office	Term Expires
Barry Snell	Chair	2026
Dr. Margaret Quinones-Perez	Vice Chair	2024
Dr. Susan Aminoff	Member	2024
Dr. Nancy Greenstein	Member	2026
Dr. Tom Peters	Member	2026
Rob Rader	Member	2024
Dr. Sion Roy	Member	2026
Alyssa Arreola	Student Trustee	2024

Administration as of June 30, 2023

Dr. Kathryn E. Jeffery	Superintendent/President
Jason Beardsley	Interim Vice President, Academic Affairs
Chris Bonvenuto	Vice President, Business and Administration
Michael Tuitasi	Vice President, Student Services
Teresita Rodriguez	Vice President, Enrollment Development
Sherri Lee-Lewis	Vice President, Human Resources
Donald Girard	Senior Director, Government Relations and Institutional Communications

Auxiliary Organizations in Good Standing

The District did not identify any auxiliary organizations in good standing.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 734,208
FSEOG Administrative Allowance	84.007		34,121
Federal Work-Study Program	84.033		472,230
Federal Work-Study Program Administrative Allowance	84.033		16,582
Federal Pell Grant Program	84.063		25,829,220
Federal Pell Grant Program Administrative Allowance	84.063		34,165
Federal Direct Student Loans	84.268		4,452,486
Subtotal Student Financial Assistance Cluster			31,573,012
TRIO Cluster			
Upward Bound	84.047A		57,401
Subtotal TRIO Cluster			57,401
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		5,348,323
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		2,400,305
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		2,471,535
Subtotal			10,220,163
Hispanic Serving Institutions: Science, Technology, Engineering and Mathematics (STEM)	84.031C		320,376
Hispanic Serving Institutions: Articulation Program	84.031C		863,880
Navigating the Pathway to Success	84.031S		743,547
Subtotal			1,927,803
Child Care Access Means Parents in School (CCAMPIS)	84.335A		304,696
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	22-C01-780	1,221,253
Total U.S. Department of Education			45,304,328
U.S. Department of Agriculture			
Passed through Chico State Enterprises			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A-22-0055-8039	155,494
Subtotal SNAP Cluster			155,494
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	2,706,347
National Science Foundation			
Research and Development Cluster			
Expanding the Cell Science and Immunilogical Testing Workforce	47.076		77,795
Conference: The State of Equitable STEM Pedagogy at California Community Colleges	47.076		11,680
H.S.I. STEM Education Program	47.076		531,504
Subtotal Research and Development Cluster			620,979
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	62,040
Total Federal Financial Assistance			$ 48,849,188

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

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
General Fund						
Adult Education Block Grant	$ 513,806	$ -	$ -	$ 107,771	$ 406,035	$ 406,035
Amazon Web Services Cloud Skills	112,500	-	-	89,144	23,356	23,356
Award for Innovation in Higher Education	599,718	-	-	397,103	202,615	202,615
Basic Needs Centers Staffing & Support	855,526	-	-	485,040	370,486	370,486
Basic Needs Food and Housing	761,114	-	-	757,668	3,446	3,446
CalWORKS	445,501	-	-	61,039	384,462	384,462
Classified Professional Development	95,161	-	-	87,202	7,959	7,959
Clean Energy Workforce Program - ETP	350	-	-		350	350
College Career Access Pathways	22,747	-	-	15,842	6,905	6,905
Cooperative Agencies Resources for Education (CARE)	111,340	-	-		111,340	111,340
COVID-19 State Block Grant	14,190,775	-	-	12,539,147	1,651,628	1,651,628
Culturally Competent Faculty Professional Dev	50,435	-	-	21	50,414	50,414
Culturally Responsive Pedagogy & Innovative Best Practices	150,000	-	-	150,000	-	-
Disabled Student Program and Services (DSPS)	3,063,175	-	-		3,063,175	3,063,175
Dream Resource Liaison Support	249,513	-	-	98,725	150,788	150,788
Equal Employment Opportunities (EEO)	150,000	-	-	150,000	-	-
Equal Employment Opportunity - Faculty and Staff Diversity	293,331	-	-	279,796	13,535	13,535
Equal Employment Opportunity -Best Practices	208,333	-	-	154,921	53,412	53,412
Extended Opportunity Program and Services (EOPS)	1,639,716	-	-	167,206	1,472,510	1,472,510
Financial Aid Technology (On-Going)	68,134	-	-		68,134	68,134
Guided Pathways	1,141,949	-	-	490,301	651,648	651,648
Higher Education Student Housing	110,000	-	-	51,679	58,321	58,321
Instructional Equipment and Library Materials	9,555	-	-	3,080	6,475	6,475
Learning Aligned Employment Program	5,244,100	-	-	5,244,100	-	-
LGBTQ+ Funding	176,274	-	-	149,471	26,803	26,803
Library Platform System	21,469	-	-	26	21,443	21,443
Local Systemwide and Technology Data Ongoing	200,000	-	-	200,000	-	-
Mental Health Support Allocation	885,497	-	-	110,760	774,737	774,737
Mental Health	1,500	-	-	1,500	-	-

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
General Fund (continued)						
NextUp Program	$ 948,497	$ -	$ -	$ 847,510	$ 100,987	$ 100,987
Nursing Education	252,377	-	-	-	252,377	252,377
Physical Plant and Instructional Support	5,876,596	-	2,676,554	1,537,284	1,662,758	1,662,758
Retention and Enrollment Outreach	2,664,099	-	723,083	741,397	1,199,619	1,199,619
Rising Scholars Network Program	57,375	-	-	20,057	37,318	37,318
Scheduled Maintenance and Instructional Equipment - One-time	610	-	-	-	610	610
SFAA Financial Aid BFAP	1,212,420	-	-	-	1,212,420	1,212,420
Strong Workforce Program (SWP)	2,925,901	-	-	1,986,297	939,604	939,604
Strong Workforce Program (SWP) - Regional	531,155	253,972	-	-	785,127	785,127
Student Equity Achievement Program (SEAP)	15,773,327	-	-	5,678,256	10,095,071	10,095,071
Systemwide Technology and Data Security One time	50,000	-	-	46,760	3,240	3,240
Veteran Resource Center	388,821	-	-	308,784	80,037	80,037
Zero Textbook	200,000	-	-	180,617	19,383	19,383
Capital Project Fund						
Physical Plant and Instructional Support	19,876,944	-	6,879,067	9,438,805	3,559,072	3,559,072
Student Financial Aid Fund						
Student Success Completion Grant	8,611,356	-	-	3,776,176	4,835,180	4,835,180
Cal Grant BOGG	3,544,145	198,274	-	-	3,742,419	3,742,419
California College Promise	3,241,310	-	-	2,138,156	1,103,154	1,103,154
Emergency Assistance	494,353	-	-	193,153	301,200	301,200
Total state programs	$ 98,020,805	$ 452,246	$ 10,278,704	$ 48,684,794	$ 39,509,553	$ 39,509,553

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	92.03	-	92.03
2. Credit	1,563.98	-	1,563.98
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,838.32	-	3,838.32
(b) Daily Census Contact Hours	725.40	-	725.40
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	586.57	-	586.57
(b) Credit	99.54	-	99.54
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	5,224.88	-	5,224.88
(b) Daily Census Procedure Courses	4,622.60	-	4,622.60
(c) Noncredit Independent Study/Distance Education Courses	156.98	-	156.98
D. Total FTES	16,910.30	-	16,910.30
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	202.56	-	202.56
2. Credit	47.69	-	47.69
CCFS-320 Addendum			
CDCP Noncredit FTES	226.55	-	226.55
Centers FTES			
1. Noncredit*	-	-	-
2. Credit	1,128.38	-	1,128.38

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of October 25, 2023.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 32,514,722	$ -	$ 32,514,722	$ 32,514,722	$ -	$ 32,514,722
Other	1300	33,200,022	-	33,200,022	33,200,022	-	33,200,022
Total Instructional Salaries		65,714,744	-	65,714,744	65,714,744	-	65,714,744
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	15,000,852	-	15,000,852
Other	1400	-	-	-	5,664,108	-	5,664,108
Total Noninstructional Salaries		-	-	-	20,664,960	-	20,664,960
Total Academic Salaries		65,714,744	-	65,714,744	86,379,704	-	86,379,704
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	34,754,248	-	34,754,248
Other	2300	-	-	-	1,634,944	-	1,634,944
Total Noninstructional Salaries		-	-	-	36,389,192	-	36,389,192
Instructional Aides							
Regular Status	2200	4,642,258	-	4,642,258	4,642,258	-	4,642,258
Other	2400	492,197	-	492,197	492,197	-	492,197
Total Instructional Aides		5,134,455	-	5,134,455	5,134,455	-	5,134,455
Total Classified Salaries		5,134,455	-	5,134,455	41,523,647	-	41,523,647
Employee Benefits	3000	28,828,109	-	28,828,109	60,476,380	-	60,476,380
Supplies and Material	4000	-	-	-	668,226	-	668,226
Other Operating Expenses	5000	175,617	-	175,617	18,453,644	-	18,453,644
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		99,852,925	-	99,852,925	207,501,601	-	207,501,601

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 2,736,171	$ -	$ 2,736,171	$ 2,736,171	$ -	$ 2,736,171
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	854,623	-	854,623
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	3,821,003	-	3,821,003
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,206,281	-	1,206,281
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 4,850,381	$ -	$ 4,850,381
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,736,171	-	2,736,171	13,468,459	-	13,468,459
Total for ECS 84362, 50% Law		$97,116,754	$ -	$97,116,754	$ 194,033,142	$ -	$ 194,033,142
Percent of CEE (Instructional Salary Cost/Total CEE)		50.05%		50.05%	100.00%		100.00%
50% of Current Expense of Education					$ 97,016,571		$ 97,016,571

See Notes to Supplementary Information

Activity Classification	Object Code			Unrestricted
EPA Revenues:	8630			$ 9,728,761
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 9,728,761	$ -	$ -	$ 9,728,761
Total Expenditures for EPA		$ 9,728,761	$ -	$ -	$ 9,728,761
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 51,440,830	
Special Revenue Funds	17,402,558	
Capital Project Funds	219,960,092	
Debt Service Funds	44,207,191	
Fiduciary Funds	9,124,172	
Total fund balance - all District funds		$ 342,134,843
Amounts held in trust on behalf of others (OPEB Trust)		(9,124,172)
The District's investment in the Los Angeles County investment pool is reported at fair market value in the statement of Net Position.		(18,650,489)
Capital and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,001,813,185	
Accumulated depreciation is	(271,579,955)	
The cost of right-to-use leased assets is	19,479,753	
Accumulated amortization is	(1,528,539)	
Total capital and right-to-use leased assets, net		748,184,444
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	25,867,483	
Deferred outflows of resources related to OPEB	49,070,913	
Deferred outflows of resources related to pensions	57,264,499	
Total deferred outflows of resources		132,202,895
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(10,380,409)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (739,427,546)	
Leases	(18,481,647)	
Compensated absences	(12,383,410)	
Load banking	(4,499,123)	
Supplemental employee retirement plan	(2,551,475)	
Aggregate net other postemployment benefits (OPEB) liability	(165,142,670)	
Aggregate net pension liability	(178,938,939)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(49,234,924)	
Total long-term liabilities		$ (1,170,659,734)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(33,945,708)	
Deferred inflows of resources related to pensions	(33,472,126)	
Total deferred inflows of resources		(67,417,834)
Total net position (deficit)		$ (53,710,456)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2023.

Schedule of Expenditures of Federal Awards

<u>Basis of Presentation</u>
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

<u>Indirect Cost Rate</u>
The District has elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2023

Santa Monica Community College District

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CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
Santa Monica Community College District
Santa Monica, 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the remaining fund information of Santa Monica Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

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

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

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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

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

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Monica 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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Monica Community College 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on State Compliance

We have audited Santa Monica Community College District's (the District) compliance with the types of compliance requirements described in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2023.

Opinion

In our opinion, Santa Monica Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 499	COVID-19 Response Block Grant Expenditures

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

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Santa Monica Community College District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
Hispanic Serving Institutions: Science, Technology, Engineering and Mathematics (STEM)	84.031C
Hispanic Serving Institutions: Articulation Program	84.031C
Navigating the Pathway to Success	84.031S
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$1,465,475
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

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