Financial Statements
June 30, 2022

North Orange County Community College District

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Schedule of Findings and Questioned Costs

Additional Supplementary Information

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
North Orange County Community College District
Anaheim, 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 the North Orange County Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's 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 the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(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.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 21 and other required supplementary schedules on pages 65 through 69 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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* (CFR) 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2022

NORTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT

KASHMIRA VYAS, CPA
District Director
Fiscal Affairs

FRED WILLIAMS
Vice Chancellor
Finance & Facilities

BYRON D. CLIFT BRELAND, Ph.D.
Chancellor

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the North Orange County Community College District (the District) for the year ended June 30, 2022. 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 District is reporting according to the standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 using the Business-Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards under the BTA model.

North Orange County Community College District includes two comprehensive community colleges and a large school of continuing education. The mission of the District is to serve and enrich our diverse communities by providing a comprehensive program of educational opportunities that are accessible, relevant, and academically excellent. The District is unequivocally committed to student success and lifelong learning. Cypress College and Fullerton College offer associate degrees, vocational certificates, and transfer education, as well as developmental instruction and a broad array of specialized training. North Orange Continuing Education offers non-college credit programs including high school diploma completion, basic skills, vocational certificates, and self-development courses.

SELECTED HIGHLIGHTS

With the implementation of the State's Student-Centered Funding Formula (SCFF), a multi-year implementation period was included, which holds districts harmless if they drop below their 2017-2018 funding plus accumulated COLA increases. The District was in stability in 2017-2018, which means that funding was based on the 2016-2017 FTES levels. As a result, the hold harmless provision has been a windfall to our District, adding significant one-time resources. The hold harmless provision has been extended through 2024-2025. Thereafter, it will become a fixed number and will become a funding “floor”. Districts will then receive no less than this amount in future years. This “floor” will not have any future COLA-based increases applied to it.

The SCFF provides revenue through three components:

- FTES (which comprises 70% of the formula)
- Supplemental Allocation (which comprises 20%), and
- Student Success Allocation (which is the remaining 10% of the formula).

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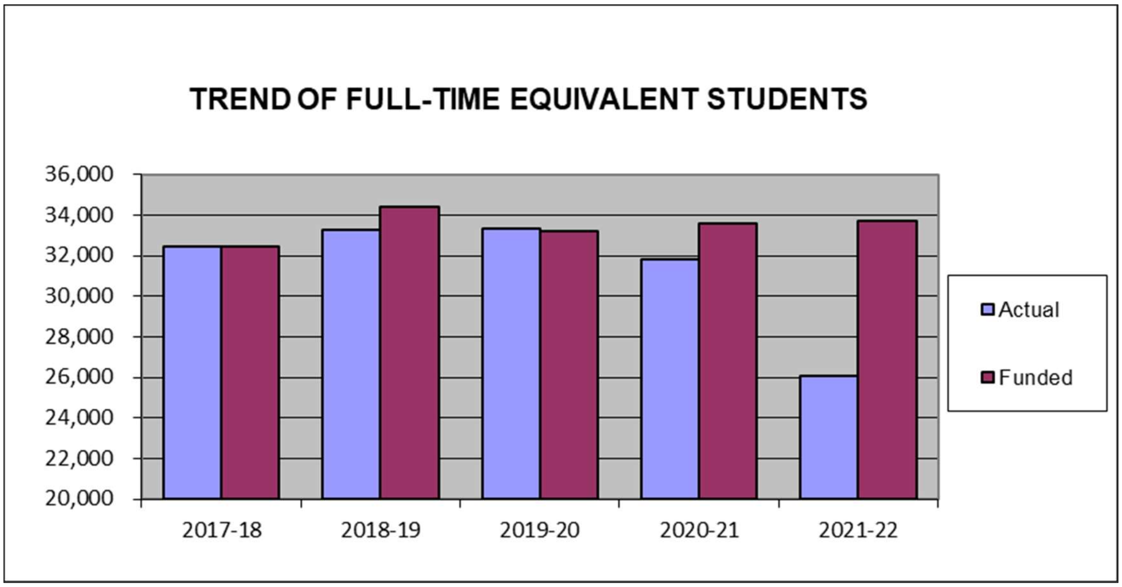


Notes: 2017-18 includes shifting of Summer FTES back to 2016-17. The District applied for Emergency Conditions Allowance for fiscal years 2019-20, 2020-21, 2021-22, which has held FTES for funding at the levels reported in 2019-20 at P1.

FTES still comprises the majority of the funding under the SCFF. Since 2018, the District FTES has decreased 19.71% or 6,375 FTES. In March 2020, in response to the pandemic, the Governor issued stay-at-home orders. The District responded by halting on-site instruction and transitioning classes in current and remaining terms to distance education. Due to the challenges faced by districts as a result of this transition, the State Chancellor's office permitted districts the opportunity to apply for an emergency conditions allowance. This allowance permits districts to request that FTES from a period prior to the onset of the emergency condition be used for apportionment funding purposes. The District applied for that allowance for 2020-2021 and also for 2021-2022.

The remaining two components of the funding formula focus on access for and success of students. The Supplemental Allocation is 20% of the SCFF. This is the component that targets equity of access and opportunity for low-income students. The Student Success Allocation is 10% of the SCFF. This is the component that targets and incentivizes successful outcomes of California Community College students.

The implementation of the SCFF has continued to be challenging. The application methodologies for the metrics and the associated funding rates have already been refined a few times at the State level. As a result of this as well as the adverse impacts on student data created by the pandemic, the transition period has been extended and will then result in a funding "floor", as noted above. As a result of this provision, the District does not expect to be adversely affected under the SCFF. However, once the "floor" is established, the District will then only realize the impact of COLA on SCFF funding by increasing FTES and headcounts above the levels that will be applied when the funding "floor" is calculated.

The District has two outstanding facilities bond measures approved by voters: Measure X and Measure J. Measure X funds were fully expended in the 2020-21 fiscal year. See Note 8 for additional information on the Measure X and Measure J bonds, including outstanding balances.

In 2014, the voters of the District approved a $574,000,000 Measure J Facilities Bond Measure. The $100,000,000 (Series A) was issued in June 2016 and $150,000,000 (Series B) was issued in June 2019. For Measure J, the voters approved projects primarily with a focus on supporting success for veterans as well as supporting facilities improvements that contribute to workforce development. The first of the projects included a new Cypress College Science, Engineering and Math Building to create classroom and lab spaces to support ongoing student success in addressing skills needed in the STEM industries. Additionally, construction of a new Veterans' Center and expansion of the Student Activities Center at Cypress College have been completed. Renovation of the Fine Arts Building is now underway. At Fullerton College, a new instructional building and the expansion of the chilled water plant have been completed. Work is underway on the renovation of the Business and Computer Information Building and a new Performing Arts Complex. Updates to the information technology infrastructure throughout the District are being done in conjunction with these projects.

FINANCIAL HIGHLIGHTS

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

Financial Statement Presentation and Basis of Accounting

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

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35 that provide a government-wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds, with inter-fund transactions eliminated.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2022, Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting, is found on pages 81 and 82 of the report.

Provisions of GASB Statement No. 87, *Leases* has been implemented into this report. The prior year information has been restated for comparability to the current year. Additional information on this change is provided on page 34 of the report.

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 method 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. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

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, 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; another indicator is the change in net position which shows whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

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

	2022	2021, as restated	Change
Assets			
Cash and investments	$ 392,113,640	$ 350,490,157	$ 41,623,483
Receivables, net	30,958,532	63,203,254	(32,244,722)
Other current assets	267,157	776,791	(509,634)
Net other postemployment benefits asset	-	20,786,846	(20,786,846)
Capital assets, net	574,341,556	556,030,199	18,311,357
Total assets	997,680,885	991,287,247	6,393,638
Deferred Outflows of Resources	76,102,605	72,251,067	3,851,538
Liabilities			
Accounts payable and accrued liabilities	67,316,732	62,304,366	5,012,366
Current portion of long-term liabilities	46,400,270	48,252,395	(1,852,125)
Noncurrent portion of long-term liabilities	421,085,159	564,657,317	(143,572,158)
Total liabilities	534,802,161	675,214,078	(140,411,917)
Deferred Inflows of Resources	112,162,775	39,903,689	72,259,086
Net Position			
Net investment in capital assets	409,280,224	374,730,238	34,549,986
Restricted	146,898,072	151,063,971	(4,165,899)
Unrestricted deficit*	(129,359,742)	(177,373,662)	48,013,920
Total net position	$ 426,818,554	$ 348,420,547	$ 78,398,007

* Unrestricted net position is defined by GASB Statements No. 34 and No. 35 as those assets that do not have external legal restrictions against them, including any amounts designated by the Board of Trustees.

- Cash and investments consist primarily of cash and funds held in a county investment pool in the General Fund ($158.1 million), Bond Fund ($63.4 million), Capital Outlay Fund ($63.7 million), and the Self Insurance Fund ($26.2 million). The increase of $41.6 million was mostly attributable to the scheduled repayment of fiscal year 2020-21 deferrals of state funds. The Statement of Cash Flows included in these financial statements provides greater detail of the sources and uses of the District's cash during the 2021-2022 fiscal year.

- Accounts receivable activity consists mainly of receivables from Federal and State sources for grant and entitlement programs and receivables from local sources for all other purposes. This year, there is a net decrease in receivables. Categorical aid and student receivables comprise the majority of the balance, with $16.6 million and $4.3 million in receivables, respectively . The majority of the decrease in overall receivables is the result of the decrease of $22.9 million in the state apportionment receivable from the prior year and of the decrease of categorical receivables by $10.5 million. The decrease in State receivables is attributable to the repayments of the prior year's deferrals by the State. Receivable amounts for other activities such as lottery, interest, and student loans receivable remain consistent with the prior year. Note 5 of these financial statements provides a summary of the accounts receivable balance.

- Other assets are primarily inventory and prepaid expenses. Inventory is primarily made up of merchandise held for sale in the bookstores located at Fullerton College and North Orange Continuing Education.

- The District has continued to contribute to its Irrevocable OPEB Trust. As a result, this liability is reduced by the value of the trust assets. During the 2020-2021 year, the value of the assets in the trust exceeded the actuarially determined liability, resulting in a net OPEB asset. However, stock market declines which started in early 2022 have returned the District to a net OPEB liability and is included in the discussion on liabilities. The net position and activity for the irrevocable trust are shown on pages 26 and 27 as part of the Fiduciary funds.

- Capital assets, net is primarily made up of the District's investments in land, buildings and building improvements, construction in progress, and vehicles, at historical cost and net of accumulated depreciation. Additional discussion on capital assets is included below. Also, Note 7 of these financial statements provides a summary of changes during the 2021-2022 fiscal year.

- Deferred outflows of resources represent a consumption of net assets that is applicable to a future reporting period. For example, prepaid items and deferred charges. In our instance, the deferred outflow associated with OPEB and pension costs has increased compared to the prior year primarily due to changes in the assumptions underlying the calculated OPEB and pension liabilities. (See Notes 9 and 11).

- Accounts payable are amounts due as of the fiscal year-end for goods and services received as of June 30, 2022. Also included are accrued liabilities for amounts due to or on behalf of employees for wages and benefits earned as of the end of the fiscal year, but paid out subsequent to June 30, 2022. Unearned revenues have been combined into this line and are those funds that are received, but not yet earned. They typically involve restricted State and Federal grants that are earned when spent and allow more than one year to expend the funds.

- Long-term liabilities include bonded debt issuances and unamortized premiums related to the general obligation bond liability, compensated absence and load banking balances, supplemental early retirement plan (SERP), claim liabilities, and aggregate net OPEB and net pension obligations. The decrease in long-term liabilities of $145.4 million is primarily due to reductions in the outstanding bond liabilities as well as a reduction in the District's aggregate net pension liability. The District has bonded debt issuances outstanding that amounts to $272.5 million, consisting of bonds issued as part of Measures X and J, as well as Refunding Bonds issued on portions of bonds issued under Measure X. The $15.3 million in compensated absences and load banking are amounts accrued for accumulated, unpaid employee vacation benefits, and load banking where eligible academic employees may teach extra courses in one period for exchange for time off in another period. In 2017-2018, the District offered a one-time SERP. Eligible employees were offered a payment of 75% of their eligible salary. The total cost of the SERP was to be paid out over five years, with the final payment to be paid in 2022-2023. Claims payable and the aggregate net OPEB liability are based on actuarially determined amounts. Claims payable are potential liabilities associated with workers' compensation and property and liability claims. The aggregate net OPEB liability is presented in accordance with the most recent required accounting principle. Aggregate net pension obligation amounts are provided based on calculations from CalSTRS and CalPERS. Notes 8 through 11 of these financial statements provides more information on the District's long-term liabilities.

- Additional information regarding long-term debt is included in the Long-Term Liability Administration section of this discussion and analysis.

- Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. For example, deferred revenue and advance collections. In our instance, deferred inflows associated with changes in the net OPEB and net pension liabilities have increased from the prior year primarily due to differences between projected and actual earnings on pension plan investments offsetting the calculated OPEB and pension liabilities. (See Notes 9 and 11).

CAPITAL ASSET AND LONG TERM LIABILITY ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had $574.3 million invested in net capital assets. Total capital assets of $805.1 million consist of land, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other office equipment. These assets have accumulated depreciation of $230.8 million over the years they have been in service. During 2021-2022, $6.0 million of buildings and improvement projects completed construction. In addition, $30.8 million of construction in progress occurred during 2021-2022 primarily as a result of Measure J funded projects. Depreciation expense of $12.7 million was recorded for the fiscal year.

Capital additions primarily comprise replacement, renovation, and new construction. Construction continued in 2021-2022 for two projects at Cypress College: a new Science, Engineering, and Mathematics Building and a new Veterans' Resource Center and Student Activities Center Expansion. Fullerton College continued construction on a new Instructional Building, which includes the expansion of the campus's Chilled Water plant, and a Districtwide Network Refresh project continues. Work has since begun on renovations for the Fine Arts buildings on both campuses, as projects jointly funded with the State. The District will also be continuing with other locally funded projects.

Note 7 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance, June 30, 2022	Balance, June 30, 2021
Capital Assets		
Land and improvements, net	$ 22,849,302	$ 22,914,011
Buildings and improvements, net	333,544,912	339,521,846
Equipment, net	7,267,830	6,936,223
Construction in progress	210,679,512	186,658,119
Total capital assets, net	$ 574,341,556	$ 556,030,199

Long-Term Liabilities

At June 30, 2022, the District had $467.5 million in long-term liabilities consisting of $272.5 million from general obligation bonds; $2.9 million from self-insurance claims payable; $15.3 million from compensated absences and load banking payable; $1.8 million from the supplemental early retirement program; $14.8 million from the aggregate net OPEB liability; and $160.2 million as the aggregate net pension obligation which represents the proportionate share of net pension liability of CalSTRS and CalPERS based on GASB Statements No. 68 and No. 71. (See Note 11.)

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. The District's current bond rating is AA+ from Standard & Poor's and Aa1 from Moody's. Both ratings are just one notch below each agency's maximum rating.

The aggregate net OPEB liability comprises the District's OPEB plan as well as the Medicare Premium Payment program, a cost-sharing multiple-employer OPEB plan administered by CalSTRS. The net OPEB liability has been determined under the most recent required accounting principles of GASB 74 and 75, which provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. The value of assets in the District's Irrevocable Retiree Benefit Trust offsets the District's OPEB liability. In 2020-2021, the District's OPEB assets fully funded it's OPEB liability. In 2021-2022, the District continued to contribute to its Irrevocable OPEB Trust. However, stock market declines which started in early 2022 have reduced the value of those assets and returned the District to a net OPEB liability. As of June 30, 2022, our total OPEB liability is still significantly funded by the value of the assets in the Trust.

Notes 8 through 11 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	Balance, June 30, 2022	Balance, June 30, 2021
General obligation bonds	$ 272,539,027	$ 310,230,058
Claims payable	2,866,385	3,035,359
Compensated absences and load banking	15,316,673	14,791,867
Supplemental early retirement plan	1,795,564	4,168,645
Aggregate net OPEB liability	14,781,611	1,122,860
Aggregate net pension liability	160,186,169	279,560,923
Total long-term liabilities	467,485,429	612,909,712
Less current portion	46,400,270	48,252,395
Long-term portion	$ 421,085,159	$ 564,657,317

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2022 and 2021, is summarized below:

	2022	2021*	Change
Operating Revenues			
Tuition and fees, net	$ 14,760,155	$ 16,519,880	$ (1,759,725)
Grants and contracts, noncapital	87,287,899	88,102,034	(814,135)
Auxiliary sales and charges	997,793	1,165,093	(167,300)
Total operating revenues	103,045,847	105,787,007	(2,741,160)
Operating Expenses			
Salaries and benefits	236,114,042	267,605,307	(31,491,265)
Supplies, services, equipment, and maintenance	57,431,866	41,920,069	15,511,797
Student financial aid	92,936,330	88,277,191	4,659,139
Depreciation and amortization	12,679,553	12,565,968	113,585
Total operating expenses	399,161,791	410,368,535	(11,206,744)
Operating loss	(296,115,944)	(304,581,528)	8,465,584
Nonoperating Revenues (Expenses)			
State apportionments	98,353,203	98,138,274	214,929
Property taxes	164,072,883	156,105,289	7,967,594
Student financial aid grants	88,372,343	78,020,573	10,351,770
State revenues	10,371,648	9,807,867	563,781
Net interest expense	(14,298,604)	(7,136,647)	(7,161,957)
Other nonoperating revenues	12,024,785	8,408,521	3,616,264
Total nonoperating revenue (expenses)	358,896,258	343,343,877	15,552,381
Other Revenues (Losses)			
State/local capital income and gains/losses on disposal of capital assets	15,617,693	1,078,973	14,538,720
Change in net position	$ 78,398,007	$ 39,841,322	$ 38,556,685

*The 2021 year has not been restated for the effects of the implementation of GASB Statement No. 87.

- Net tuition and fees are generated by the resident, non-resident, and foreign fees paid by students attending the District. These include fees paid for enrollment, health services, parking, community services classes, and other related fees. The decrease in these amounts is attributable to attrition in the traditional student population as well as resulting from the COVID-19 pandemic-related challenges faced by students to continue on their educational pathways.

- Grants and contracts, noncapital received as operating revenues are primarily those funds received from Federal and State sources and used in instructional programs (e.g., Student Success and Strong Workforce Initiative-related programs). Similar to the prior year, as a result of the pandemic, we continued to see increased Federal funding from the U.S. Department of Education to provide supplementary assistance to the District to assist with providing a continuity of education. Pages 72 through 75 of the supplementary information section of this report provide a complete listing of Federal and State noncapital grants and contracts.

- Auxiliary sales are primarily related to the sale of merchandise in the Bookstores located at Fullerton College and North Orange Continuing Education. In 2021-22, these services were contracted out and the bookstores were phased out during the year, with the remaining bookstore inventory being sold to the contracting agency.

- Salaries and benefits comprise 59% of total operating expenses from a District-wide full-accrual perspective. In other words, these amounts include the activity from all District funds, not just the General Fund. Consequently, this percentage is lower than normally discussed when talking about the percentage of salaries as compared to total expenses since it is computed using all Capital Outlay and Bond Fund expenditures that are primarily capital outlay expenditures. Salaries and benefits in the General Fund make up 84.5% of total General Fund expenses as reflected on page 101 of this report. Academic salaries increased by $2.2 million and classified salaries increased by $6.5 million, which is attributable to the settled salary increases and stipend payments in 2021-2022 as well as vacation payouts during the year. Benefit costs increased by $6.1 million, in line with this activity, as well as increases in pension expense rates. However, accounting conversion adjustments for reporting decreased the pension expense by $46.4 million resulting in a net overall decrease to the reported amounts. See Note 11 for more information on pension-related activity.

- Other operating expenses consist of supplies, insurance, utilities, depreciation expense, other services, and capital outlay items below the capitalization threshold. The increase in this area is primarily the result of increased expenditures for capital outlay activities responding to the instructional needs of returning to on-campus instruction as well as maintaining hybrid solutions.

- Student financial aid is made up of financial assistance payments made to students as part of the Student Financial Aid cluster of programs.

- The operating loss reported on the Statement of Revenues, Expenses, and Changes in Net Position is related to the reporting requirements of GASB Statement No. 35 that identify transactions as either exchange or non-exchange. If a transaction is considered an exchange transaction, then the revenue is considered operating revenue. Conversely, if a transaction is deemed a non-exchange transaction, then the revenue is considered nonoperating revenue. In our case, the revenues received from the State of California as apportionment and from local property taxes are deemed non-exchange transactions and consequently, nonoperating revenues. Every community college district within the State of California will have a large operating loss due to this required reporting presentation.

- State apportionments, local property taxes, and tuition and fees are all components of the community college apportionment funding model. The model is comprised of a base allocation, an amount per credit FTES, noncredit FTES, and an enhanced amount per qualifying noncredit FTES for career development and college preparation courses. With the implementation of the Student-Centered Funding Formula, additional components provide a supplemental allocation that targets equity of access and opportunity for low-income students and a student success allocation incentivizing successful outcomes of students. An important aspect of the community college apportionment funding model is the inverse relationship between State apportionment and local property taxes. Thus, our funding essentially comes from enrollment fees and local property taxes with the difference made up by State apportionment. The District was continued to be in hold harmless status for 2021-2022, receiving the 2017-2018 apportionment plus increases for COLA.

- Local property taxes are received through the Auditor-Controller's Office for Orange and Los Angeles Counties. The amount received for property taxes is deducted from the total State apportionment amount for general revenue calculated by the State. The increase in property tax revenues received is the result of an increase in ERAF funds provided to the District through the tax allocations from the Orange County Treasurer's Office. Capital debt-related property taxes, which decreased, are driven by debt repayment requirements associated with bond issuances and is controlled and managed by the Orange County Treasurer's Office.

- Student financial aid grants listed as nonoperating revenues consist of funds received for direct assistance to students. Similar to grants received for operating purposes, increased funding was also received from Federal and State sources during the pandemic to help provide direct student support for educational and basic needs in a variety of ways. Pages 72 through 75 of the supplementary information section of this report provide a complete listing of Federal and State noncapital grants and contracts.

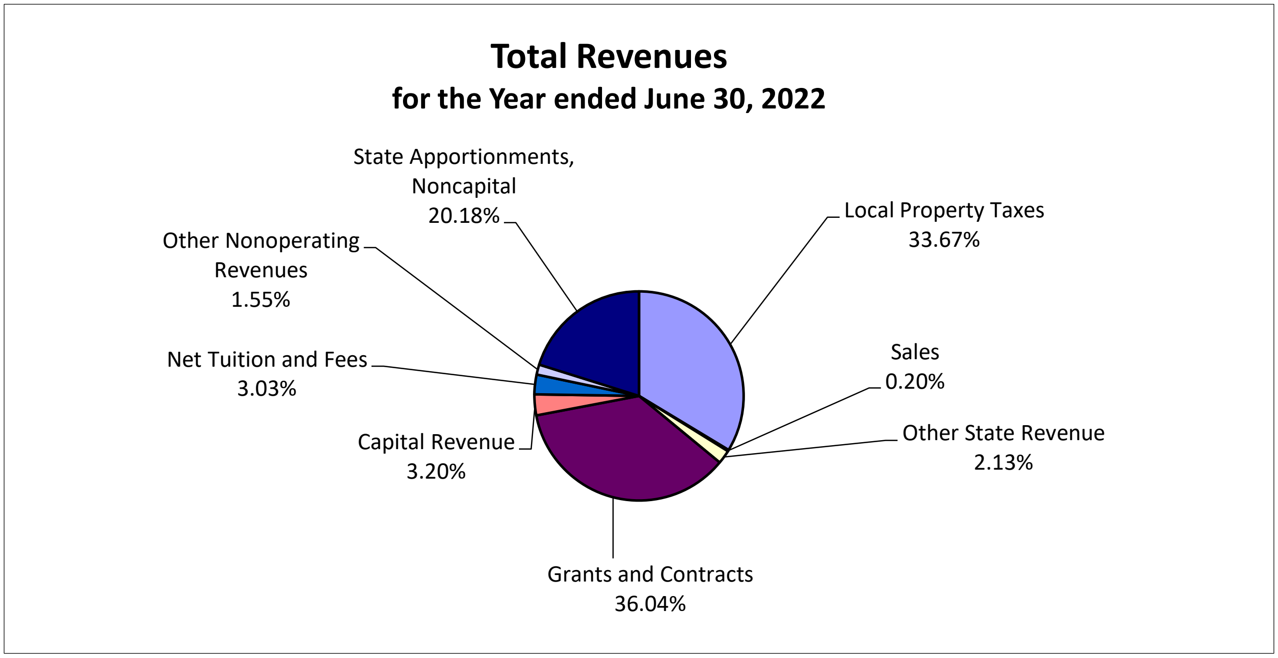
- State revenues include state taxes and other revenues mainly comprised of State mandated cost revenues and lottery revenues. Lottery revenue is based on the prior year's FTES. The District has elected to participate in an emergency conditions provision that permits the use of the 2019-2020 P1 FTES for funding purposes. Therefore, funding for these remained fairly consistent with the prior year.

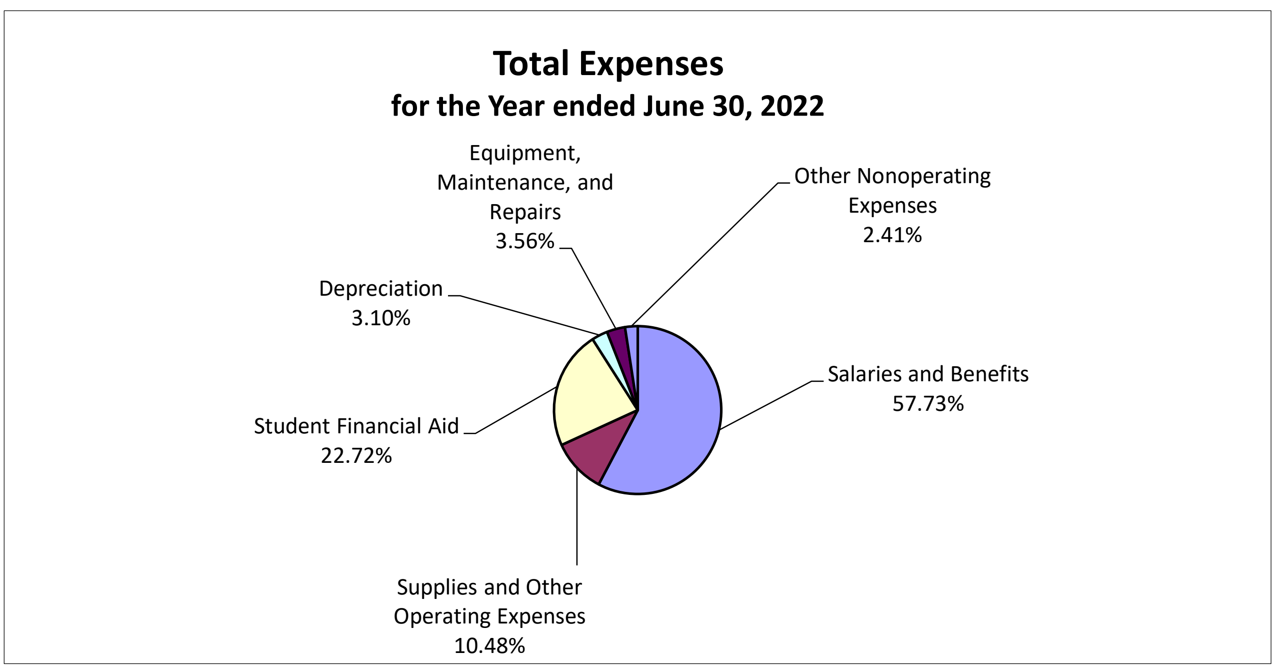
- Net interest expense shown is the net of interest expense on capital related debt and investment income earned. While interest activity on capital related debt has remained relatively consistent with the prior year, other investment income decreased $7.4 million, going from net income to net losses. This can be attributed to the overall declines in the stock market in 2022.

- Other nonoperating revenues (expenses), net are comprised of the amounts recorded for other local revenues and transfers to and from the fiduciary funds.

- Other Revenues are comprised of state/local capital income and gains/losses on disposal of capital assets. The increase in this account is mainly due to the receipt of additional State funding related to projects for capital outlay.

The following charts show the major components of total revenues and total expenses using the more detailed Statement of Revenues, Expenses, and Changes in Net Position presented on page 23.





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 nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities and deals with 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 Changes in Net Position.

A summarized Statement of Cash Flows for the years ended June 30, 2022 and 2021, is presented below:

	2022	2021	Change
Net Cash Flows from			
Operating activities	$ (282,360,829)	$ (299,290,639)	$ 16,929,810
Noncapital financing activities	351,013,954	282,425,174	68,588,780
Capital financing activities	(22,407,034)	(109,463,516)	87,056,482
Investing activities	(4,342,135)	2,080,121	(6,422,256)
Net Increase (Decrease) in Cash	41,903,956	(124,248,860)	166,152,816
Cash and Cash Equivalents, Beginning of Year	348,304,942	472,553,802	(124,248,860)
Cash and Cash Equivalents, End of Year	$ 390,208,898	$ 348,304,942	$ 41,903,956

- Operating activities mainly consist of cash receipts from student tuition and cash payments for salaries, benefits, supplies, Federal, State, and other local operating grants and contracts, other operating expenses, utilities, insurance, and other items related to the instructional program.

- Noncapital financing activities are primarily comprised of State apportionment, property taxes, and Federal and State financial aid grants for other than capital purposes. State apportionments and property taxes received account for 68% of the total cash provided by noncapital financing activities. Additionally, cash received from noncapital related grants and contracts accounts for 25% of the total cash provided by noncapital financing activities.

- Capital financing activities are mostly made up of the purchase or sale of capital assets, principal and interest payments on any debt issued, and cash sources or uses from Federal, State, and local grants for capital purposes. The District has had no significant new financing activity this year. The decrease in cash receipts in this category is the result of continued construction associated with projects related to the Measure J bond issuances as well as principal and interest payments on outstanding bonds.

- The cash from investing activities is interest earned on cash in banks and the change in market value of cash invested through the Orange County Educational Investment Pool. The decrease in cash received from investing activities is due to the decrease in market value of the cash held as investments.

FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. The District's operating expenses by functional classification for the fiscal year ended June 30, 2022, are:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 102,982,952	$ 5,178,926	$ 32,193	$ 1,443,864	$ -	$ 109,637,935
Academic support	25,382,537	1,235,671	-	389,420	-	27,007,628
Student services	56,535,548	9,069,527	1,917,499	1,631,498	-	69,154,072
Plant operations and maintenance	13,692,308	8,607,682	-	560,748	-	22,860,738
Instructional support services	29,962,962	9,631,247	509,632	480,822	-	40,584,663
Community services and economic development	951,388	278,880	-	-	-	1,230,268
Ancillary services and auxiliary operations	4,551,304	3,009,292	632,939	27,086	-	8,220,621
Student aid	4,494	854,941	89,844,067	-	-	90,703,502
Physical property and related acquisitions	2,050,549	4,990,332	-	10,041,930	-	17,082,811
Unallocated depreciation	-	-	-	-	12,679,553	12,679,553
Total	$ 236,114,042	$ 42,856,498	$ 92,936,330	$ 14,575,368	$ 12,679,553	$ 399,161,791

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree OPEB benefits. These amounts are included herein and are reported separately from the District's operating statements. These resources can only be used towards the costs of retiree health benefits. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. See Note 9 for more information on the OPEB activity.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

- **Economy** – The COVID-19 pandemic and its variants continue to impact our economy. The September 2022 UCLA Anderson Forecast notes that "despite mixed economic signals and competing opinions about the state of the national economy, the UCLA Anderson Forecast's data-driven analysis suggests that the U.S. is not currently in a recession and that the chance of a recession in the next 12 months is less than 50%." But then goes on to state that "There is tremendous uncertainty about what will happen over the course of the next 12 months and through the end of our forecast horizon." While California's economy looks robust in many ways, the weaknesses in the national economy are starting to slow down the state as well. Community college funding should remain stable for the coming year.

- **Stock Market Declines** – Also of concern are the continuing declines in the stock markets and their impact on capital gains. Personal income tax revenues on capital gains for 2021 continued to increase and were expected to be at their highest levels ever. However, 2022 is seeing those high levels dropping off, which can have a significant impact on state revenues due to the state's dependence on these gains. We have experienced the decline in the District's own Retiree Benefits Trust, with the values of the investments declining to such an extent as move the net OPEB position from a net asset to an unfunded net OPEB liability.

- **Enrollments** – As discussed earlier in this section, FTES continues to decline. With the hold harmless provision, the District has enjoyed funding at the 2017-18 FTES level but this provision will be modified after the 2024-25 fiscal year. It is important that the District emphasize enrollments due to the way the funding formula works; the formula uses a three-year average of credit FTES for the computational revenue calculation. What this means is that starting in 2023-24 our FTES number gains importance in the funding formula.

- **One-Time Funds** – As of June 30, 2022, the District ended the fiscal year with a surplus due to prudent fiscal management in previous years as well as a large amount of one-time funds from the State due to the current hold harmless provisions of the Student-Centered Funding Formula, which is being used to supplement the resource allocation model as well as being allocated toward designated one-time purposes. Furthermore, federal and state funding for operational support during the pandemic has come in over the last few years allowing us to shift COVID-related expenses and to backfill loss of revenue rather than to deplete our carryover funds for these purposes.

- Other than the concerns discussed above, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the Vice Chancellor, Finance and Facilities, North Orange County Community College District, 1830 West Romneya Drive, Anaheim, CA 92801.

Assets	
Cash and cash equivalents	$ 21,484,960
Investments	370,628,680
Accounts receivable	22,640,291
Student receivables	4,341,289
Due from fiduciary funds	3,000,000
Inventories	266,657
Other assets	500
Lease receivables	976,952
Capital assets	
Nondepreciable capital assets	229,959,884
Depreciable capital assets, net of accumulated depreciation	344,381,672
Total capital assets, net	574,341,556
Total assets	997,680,885
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	23,277,972
Deferred outflows of resources related to pensions	52,824,633
Total deferred outflows of resources	76,102,605
Liabilities	
Accounts payable	37,212,020
Accrued interest payable	2,552,042
Unearned revenue	27,552,670
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	46,400,270
Long-term liabilities other than OPEB and pensions, due in more than one year	246,117,379
Aggregate net OPEB liability	14,781,611
Aggregate net pension liability	160,186,169
Total liabilities	534,802,161
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	966,922
Deferred inflows of resources related to OPEB	4,863,865
Deferred inflows of resources related to pensions	106,331,988
Total deferred inflows of resources	112,162,775
Net Position	
Net investment in capital assets	409,280,224
Restricted for	
Debt service	41,925,915
Capital projects	67,837,845
Educational programs	8,823,588
Other activities	28,310,724
Unrestricted	(129,359,742)
Total Net Position	$ 426,818,554

Operating Revenues	
Tuition and fees	$ 29,664,728
Less: Scholarship discounts and allowances	(14,904,573)
Net tuition and fees	14,760,155
Grants and contracts, noncapital	
Federal	33,766,848
State	52,031,240
Local	1,489,811
Total grants and contracts, noncapital	87,287,899
Auxiliary enterprise sales and charges	
Bookstore	832,563
Cafeteria	165,230
Total operating revenues	103,045,847
Operating Expenses	
Salaries	190,201,818
Employee benefits	45,912,224
Supplies, materials, and other operating expenses and services	42,856,498
Student financial aid	92,936,330
Equipment, maintenance, and repairs	14,575,368
Depreciation	12,679,553
Total operating expenses	399,161,791
Operating Loss	(296,115,944)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	98,353,203
Local property taxes, levied for general purposes	118,286,262
Taxes levied for other specific purposes	45,786,621
Federal and State financial aid grants	88,372,343
State taxes and other revenues	10,371,648
Investment loss, net	(3,861,115)
Interest expense on capital related debt	(9,846,948)
Investment loss on capital asset-related debt, net	(590,541)
Other nonoperating revenue	12,024,785
Total nonoperating revenues (expenses)	358,896,258
Income Before Other Revenues and Losses	62,780,314
Other Revenues (Losses)	
State revenues, capital	15,620,504
Loss on disposal of capital assets	(2,811)
Total other revenues (losses)	15,617,693
Change In Net Position	78,398,007
Net Position, Beginning of Year	348,420,547
Net Position, End of Year	$ 426,818,554

Operating Activities	
Tuition and fees	$ 16,197,677
Federal, state, and local grants and contracts, noncapital	99,255,575
Auxiliary sales	997,793
Payments to or on behalf of employees	(255,575,786)
Payments to vendors for supplies and services	(50,299,758)
Payments to students for scholarships and grants	(92,936,330)
Net cash flows from operating activities	(282,360,829)
Noncapital Financing Activities	
State apportionments	121,213,846
Federal and state financial aid grants	88,372,343
Property taxes - nondebt related	118,286,262
State taxes and other apportionments	10,694,455
Other nonoperating	12,447,048
Net cash flows from noncapital financing activities	351,013,954
Capital Financing Activities	
Purchase of capital assets	(34,014,952)
State revenue, capital	13,677,925
Property taxes - related to capital debt	45,786,621
Principal paid on capital debt	(41,260,000)
Interest paid on capital debt	(6,726,245)
Interest received on capital asset-related debt	129,617
Net cash flows from capital financing activities	(22,407,034)
Cash Flows from Investing Activities	
Change in fair market value of cash in county treasury	(6,310,610)
Proceeds from sales of investments	280,473
Interest received from investments	1,688,002
Net cash flows from investing activities	(4,342,135)
Change In Cash and Cash Equivalents	41,903,956
Cash and Cash Equivalents, Beginning of Year	348,304,942
Cash and Cash Equivalents, End of Year	$ 390,208,898

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (296,115,944)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	12,679,553
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	10,088,615
Student receivables	446,759
Inventories	184,061
Prepaid expenses	325,573
Lease receivables	(976,952)
Net OPEB asset - District Plan	20,786,846
Deferred outflows of resources related to OPEB	(15,267,968)
Deferred outflows of resources related to pensions	11,416,430
Accounts payable	5,618,861
Unearned revenue	2,879,854
Compensated absences and load banking	524,806
Supplemental early retirement plan	(2,373,081)
Claims payable	(168,974)
Aggregate net OPEB liability	13,658,751
Aggregate net pension liability	(119,374,754)
Deferred inflows of resources related to leases	966,922
Deferred inflows of resources related to OPEB	(17,253,878)
Deferred inflows of resources related to pensions	89,593,691
Total adjustments	13,755,115
Net cash flows from operating activities	$ (282,360,829)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 21,484,960
Cash in county treasury	368,723,938
Total cash and cash equivalents	$ 390,208,898
Noncash Transactions	
Amortization of debt premiums	$ 709,731
Accretion of interest on capital appreciation bonds	$ 4,278,700

	Retiree OPEB Trust
Assets	
Investments	$ 115,948,285
Liabilities	
Due to primary government	3,000,000
Net Position	
Restricted for postemployment benefits other than pensions	$ 112,948,285

	Retiree OPEB Trust
Additions	
District contributions	$ 3,962,305
Interest and investment income	8,932,370
Net realized and unrealized losses	(36,236,216)
Total additions	(23,341,541)
Deductions	
Benefit payments	5,439,906
Administrative expenses	464,351
Total deductions	5,904,257
Change in Net Position	(29,245,798)
Net Position - Beginning of Year	142,194,083
Net Position - End of Year	$ 112,948,285

Note 1 - Organization

The North Orange County Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the Counties of Orange and Los Angeles in the State of California and is governed by an elected Board of Trustees. The District is comprised of two college campuses, Cypress College and Fullerton College, the District office, a vocational and adult center, North Orange Continuing Education, which offers courses and programs at the Anaheim campus, the Cypress College campus, the Wilshire campus, and other off-site locations. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units that met this requirement.

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 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 an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the bookstore and cafeteria.

Nonexchange 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, and donations are classified as nonoperating revenue. Federal and State financial aid grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the Community College Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated.

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 the County treasury 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 receivable include amounts due from 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 does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable.

Inventories

Inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. In addition, the District warehouse holds some inventory of paper and office supplies for daily operational needs. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

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

The following estimated useful lives are used to compute depreciation:

Land improvements	50 years
Buildings and improvements	50 years
Machinery and equipment	5-20 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, 2022.

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 OPEB and pension related items.

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 related to leases, for OPEB related items, and for pension related items.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue 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.

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 yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 $146,898,072 of restricted net position, and the fiduciary funds financial statements report $112,948,285 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.

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as tuition and fees, net of scholarship discounts and allowances, non-capital 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

Property taxes are assessed and levied by the County of Orange on the fourth Monday of September of each year and they become an enforceable lien on real property on January 1 of the same year. Secured taxes are payable to the District in two installments, on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Tax remittances are paid net of a County administrative charge.

The District has reported property tax revenue only for taxes levied and due within the fiscal year. The District participates in the Orange County Teeter Plan and is paid all current year taxes in the year levied. The Teeter Plan allows the County to follow the accrual method of accounting to allocate property tax revenues based on the total amount of property taxes billed but not yet collected. A receivable has not been recognized in the basic financial statements for property taxes due to the fact that any receivable would be offset by a payable to the State for State apportionment purposes.

The voters of the District passed General Obligation Bonds in March 2002 and November 2014 for the acquisition, construction, and rehabilitation of facilities. 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 by the County of Orange and remitted to the District.

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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Adoption of New Standard

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard is included in Note 6.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury - 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 as of June 30, 2022, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 21,259,960	$ -
Cash in revolving	225,000	-
Investments - Cash in county treasury	368,723,938	-
Investments - Other	1,904,742	115,948,285
Total deposits and investments	$ 392,113,640	$ 115,948,285

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 investing in the Orange County Educational Investment Pool, certificates of deposit, and mutual funds.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	$ 115,948,285	No maturity	Not rated
Certificates of deposit	1,904,742	300	Not rated
Orange County educational investment pool	368,723,938	287	AAAm
Total	$ 486,576,965		

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk 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, 2022, the District's bank balance of approximately $12.4 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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2022, the District's investment balance of approximately $115.4 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2022:

		Fair Value Measurements Using	
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs
Mutual funds	$ 115,948,285	$ 115,948,285	$ -
Certificates of deposit	1,904,742	-	1,904,742
Total	$ 117,853,027	$ 115,948,285	$ 1,904,742

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, 2022 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 14,856,069
State Government	
Categorical aid	1,760,949
Lottery	1,955,334
Other state sources	1,942,579
Local Sources	
Interest	163,825
Other local sources	1,961,535
Total	$ 22,640,291
Student receivables	$ 4,341,289

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Cell Tower Leases	$ 1,047,649	$ -	$ (70,697)	$ 976,952

Cellular Tower Leases

The District leases a portion of its facilities for cellular tower antenna sites. These leases are noncancelable for a period of five years, with additional renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The lease terms including renewal periods extend through August 2042. The agreements allow for 3% annual increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $80,727 in lease revenue and $27,661 in interest revenue related to these agreements. At June 30, 2022, the District recorded $976,952 in lease receivables and $966,922 deferred inflows of resources for these arrangements. The District used an interest rate of 3%, based on the rates available to finance machinery and equipment over the same time periods.

Note 7 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 19,280,372	$ -	$ -	$ 19,280,372
Construction in progress	186,658,119	30,803,890	(6,782,497)	210,679,512
Total capital assets not being depreciated	205,938,491	30,803,890	(6,782,497)	229,959,884
Capital Assets Being Depreciated				
Land improvements	6,358,557	262,411	-	6,620,968
Buildings and improvements	532,521,389	4,977,885	-	537,499,274
Furniture and equipment	30,414,060	1,732,032	(1,043,522)	31,102,570
Total capital assets being depreciated	569,294,006	6,972,328	(1,043,522)	575,222,812
Total capital assets	775,232,497	37,776,218	(7,826,019)	805,182,696
Less Accumulated Depreciation				
Land improvements	(2,724,918)	(327,120)	-	(3,052,038)
Buildings and improvements	(192,999,543)	(10,954,819)	-	(203,954,362)
Furniture and equipment	(23,477,837)	(1,397,614)	1,040,711	(23,834,740)
Total accumulated depreciation	(219,202,298)	(12,679,553)	1,040,711	(230,841,140)
Total capital assets, net	$ 556,030,199	$ 25,096,665	$ (6,785,308)	$ 574,341,556

Note 8 - 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, 2022 consisted of the following:

	Balance, July 1, 2021,	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 294,862,856	$ 4,278,700	$ (41,260,000)	$ 257,881,556	$ 39,820,000
Bond premium	15,367,202	-	(709,731)	14,657,471	-
Compensated absences and load banking	14,791,867	524,806	-	15,316,673	4,784,706
Supplemental early retirement incentive	4,168,645	-	(2,373,081)	1,795,564	1,795,564
Claim liabilities	3,035,359	202,874	(371,848)	2,866,385	-
Total	$ 332,225,929	$ 5,006,380	$ (44,714,660)	$ 292,517,649	$ 46,400,270

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 and load banking liabilities, and the supplemental early retirement incentive will be paid by the fund for which the employee worked. The claim liabilities will be paid by the Internal Service Fund.

General Obligation Bonds

Measure X

On March 5, 2002, the voters of the District approved Measure X, which allowed the District to issue $239,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

2003B General Obligation Bonds

On December 23, 2003, $99,999,001 of North Orange County Community College District, Election of 2002, Series 2003B Bonds were issued with a final maturity date of August 1, 2028, and interest rates ranging from 2.00 percent to 5.44 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2022, was $78,541,556.

2013 General Obligation Refunding Bonds

On January 24, 2013, $145,910,000 of North Orange County Community College District, 2005 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's 2005 General Obligation Refunding Bonds maturing on and after August 1, 2013, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased $129,945,000 of the old debt with a final maturity date of August 1, 2023. Interest rates range from 0.40 percent to 2.65 percent, depending on the maturity of the related bonds. The Bonds are payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2022, was $28,370,000.

Measure J

On November 4, 2014, the voters of the District approved Measure J, which allowed the District to issue $574,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

2016A General Obligation Bonds

On June 2, 2016, $100,000,000 of North Orange County Community College District, Election of 2014, Series 2016A Bonds were issued with a final maturity date of August 1, 2040, and interest rates ranging from 2.00 percent to 4.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2022, was $35,845,000.

2019B General Obligation Bonds

On May 29, 2019, $150,000,000 North Orange County Community College District, Election of 2014, Series 2019B Bonds were issued with a final maturity date of August 1, 2044, and interest rates ranging from 2.63 percent to 4.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2022, was $115,125,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning July 1, 2021	Accreted Interest	Redeemed	Bonds Outstanding End of Year June 30, 2022
2003	2029	2.00% - 5.44%	$ 99,999,001	$ 82,697,856	$ 4,278,700	$ (8,435,000)	$ 78,541,556
2013	2024	0.40% - 2.65%	145,910,000	42,795,000	-	(14,425,000)	28,370,000
2016	2041	2.00% - 4.00%	100,000,000	36,510,000	-	(665,000)	35,845,000
2019	2045	2.63% - 4.00%	150,000,000	132,860,000	-	(17,735,000)	115,125,000
				$ 294,862,856	$ 4,278,700	$ (41,260,000)	$ 257,881,556

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2023	$ 39,597,217	$ 222,783	$ 5,619,134	$ 45,439,134
2024	23,316,242	683,758	4,901,546	28,901,546
2025	10,559,889	1,165,111	4,643,026	16,368,026
2026	10,730,961	1,659,039	4,543,226	16,933,226
2027	10,927,919	2,157,081	4,430,126	17,515,126
2028-2032	58,239,328	14,220,672	20,045,032	92,505,032
2033-2037	32,545,000	-	15,325,328	47,870,328
2038-2042	44,135,000	-	9,256,704	53,391,704
2043-2045	27,830,000	-	1,724,000	29,554,000
Total	$ 257,881,556	$ 20,108,444	$ 70,488,122	$ 348,478,122

* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

Supplemental Early Retirement Plan (SERP)

On February 13, 2018, the District adopted a one-time SERP for certificated, classified, faculty, and confidential employees. 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, be eligible to retire from CalSTRS or CalPERS, and be resigned from District employment by August 17, 2018. In exchange for early retirement, the District will contribute 75 percent of the 2017-2018 actual paid step/column salary. The District had 118 employees that enrolled in the SERP. The remaining obligation as of June 30, 2022, is $1,795,564.

On January 26, 2021, the District adopted a one-time SERP for faculty. To be eligible for early retirement benefits, the employee must have five or more years of District service and be resigned from District employment by June 30, 2021. In exchange for early retirement, the District will contribute $1,000 per year of service up to a maximum dollar amount of $25,000. The District had 18 employees that enrolled in the SERP. The remaining obligation was paid in full as of June 30, 2022.

On March 9, 2021, the District adopted a one-time SERP for certificate management, classified management, and confidential employees. To be eligible for early retirement benefits, the employee must have been a permanent employee as of March 9, 2021, be at least 55 years of age, have five or more years of District service, be eligible to retire from CalSTRS or CalPERS, and be resigned from District employment by December 31, 2021. In exchange for early retirement, the District will contribute $1,000 per year of service up to a maximum dollar amount of $25,000. The District had 13 employees that enrolled in the SERP. The remaining obligation was paid in full as of June 30, 2022.

The remaining payment requirements for the SERP as of June 30, 2022 are as follows:

Year Ending June 30,	
2023	$ 1,795,564

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2022, 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	$ 13,846,559	$ 23,277,972	$ 4,863,865	$ 2,111,559
Medicare Premium Payment (MPP) Program	935,052	-	-	(187,808)
Total	$ 14,781,611	$ 23,277,972	$ 4,863,865	$ 1,923,751

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the North Orange County Community College District Retirement Board of Authority, which consists of appointed Plan members.

Plan Membership

At June 30, 2022, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	998
Active employees	1,379
Total	2,377

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the North Orange County Community College District Retirement 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. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Unified Faculty (UF), the local California Service Employees Association (CSEA), and unrepresented groups. The contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined feasible by District management and the District's Governing Board. For the measurement period of June 30, 2022, the District contributed $3,962,305 to the Plan, of which $2,439,906 was used for current premiums and $1,522,399 was used to fund the OPEB Trust. An additional $3,000,000 was paid for current premiums from the OPEB Trust.

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
Domestic equity	39%
Fixed income	24%
International equity	30%
Real estate	7%

Rate of Return

For the year ended June 30, 2022, the annual money-weighed rate of return on investments, net of investment expense, was -19.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $13,846,559 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	$ 126,794,844
Plan fiduciary net position	(112,948,285)
Net OPEB liability	$ 13,846,559
Plan fiduciary net position as a percentage of the total OPEB liability	89.08%

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	6.25%
Healthcare cost trend rates	4.00%

The discount rate was based on the long-term expected return on plan assets assuming 100 percent funding through the Trust, using the building block method.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and Schools 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 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
Domestic equity	7.25%
Fixed income	4.25%
International equity	7.25%
Real estate	7.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. 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/(Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance, June 30, 2021	$ 121,407,237	$ 142,194,083	$ (20,786,846)
Service cost	3,097,828	-	3,097,828
Interest	7,521,275	-	7,521,275
Difference between expected and actual experience	208,410	-	208,410
Contributions - employer	-	3,962,305	(3,962,305)
Expected investment income	-	8,920,194	(8,920,194)
Differences between projected and actual earnings on OPEB plan investments	-	(36,224,040)	36,224,040
Changes of assumptions	-	-	-
Benefit payments	(5,439,906)	(5,439,906)	-
Administrative expense	-	(464,351)	464,351
Net change in total OPEB liability	5,387,607	(29,245,798)	34,633,405
Balance, June 30, 2022	$ 126,794,844	$ 112,948,285	$ 13,846,559

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

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) 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/(Asset)
1% decrease (5.25%)	$ 27,569,648
Current discount rate (6.25%)	13,846,559
1% increase (7.25%)	(2,963,761)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

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

Healthcare Cost Trend Rate	Net OPEB Liability/(Asset)
1% decrease (3.00%)	$ (6,150,062)
Current healthcare cost trend rate (4.00%)	13,846,559
1% increase (5.00%)	32,042,068

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 179,056	$ 4,863,865
Changes of assumptions	6,556,808	-
Net difference between projected and actual earnings on OPEB plan investments	16,542,108	-
Total	$ 23,277,972	$ 4,863,865

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 OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 3,473,999
2024	3,163,133
2025	2,660,168
2026	7,244,808
Total	$ 16,542,108

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 7.2 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 436,603
2024	436,603
2025	436,603
2026	436,603
2027	95,249
Thereafter	30,338
Total	$ 1,871,999

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, 2020 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, 2022, the District reported a liability of $935,052 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 and June 30, 2020, was 0.2344% and 0.2650%, respectively, resulting in a net decrease in the proportionate share of 0.0306%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(187,808).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
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, 2020, 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.

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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 1,030,684
Current discount rate (2.16%)	935,052
1% increase (3.16%)	853,344

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 850,320
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	935,052
1% increase (5.5% Part A and 6.4% Part B)	1,032,194

Note 10 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts, property liability, health benefits, errors, omissions, and natural disasters. These risks are addressed through a combination of participation in public entity risk pools, commercial insurance, and self-insurance. The District is insured for workers' compensation claims and property and liability claims through a combination of self-insurance and commercial insurance.

The District is also a member of the Alliance of Schools for Cooperative Insurance Program (ASCIP) and Schools Excess Liability Fund (SELF) public entity risk pools. The District is subject to various deductible amounts and pays premiums assessed by the pools. The pools are responsible for claims beyond the deductible amount of commercial insurance and provide for high-level umbrella type coverage above certain limits. The pools are operated separately and are independently accountable for their fiscal matters. The pools are not component units of the District for financial reporting purposes. A copy of the most recent audited financial statements may be obtained from ASCIP and SELF.

Estimates of liabilities for claims, both reported and unreported, for workers' compensation liability claims are established by the District's external administrator. The estimates are based on the continuous evaluation of the status of each claim. Estimates of liabilities for the property and liability claims are based on an analysis of individual claims. Management believes that the amounts accrued are adequate to cover such costs.

A number of claims and suits are pending against the District arising out of proposed claim settlements. In the opinion of District administration, the related liability, if any, will not materially affect the financial position of the District. No settlements exceeded insurance coverage during the last three years.

As of June 30, 2022 and 2021, liabilities for claims amounted to $2,866,385 and $3,035,359, respectively. Changes in the claims liability amount in the fiscal years 2022 and 2021 are presented below:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2020	$ 1,719,235	$ 1,583,160	$ 3,302,395
Claims and changes in estimates	(212,731)	203,289	(9,442)
Claims payments	(11,892)	(245,702)	(257,594)
Liability Balance, June 30, 2021	1,494,612	1,540,747	3,035,359
Claims and changes in estimates	(207,444)	202,874	(4,570)
Claims payments	-	(164,404)	(164,404)
Liability Balance, June 30, 2022	$ 1,287,168	$ 1,579,217	$ 2,866,385
Assets available to pay claims at June 30, 2022			$ 30,009,768

Note 11 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 70,972,966	$ 33,775,075	$ 69,525,340	$ 3,299,502
CalPERS	89,213,203	19,049,558	36,806,648	8,470,813
Total	$ 160,186,169	$ 52,824,633	$ 106,331,988	$ 11,770,315

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, 2020, 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 non-employer contributing entity to the STRP.

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2022, 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	16.92%	16.92%
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 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were $15,441,723.

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

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

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 70,972,966
State's proportionate share of net pension liability associated with the District	35,710,844
Total	$ 106,683,810

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.1560% and 0.1521%, respectively, resulting in a net increase in the proportionate share of 0.0039%.

For the year ended June 30, 2022, the District recognized pension expense of $3,299,502. In addition, the District recognized pension expense and revenue of $1,221,802 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 15,441,723	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,099,446	5,830,891
Differences between projected and actual earnings on pension plan investments	-	56,141,445
Differences between expected and actual experience in the measurement of the total pension liability	177,791	7,553,004
Changes of assumptions	10,056,115	-
Total	$ 33,775,075	$ 69,525,340

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
2023	$ (14,256,561)
2024	(13,040,095)
2025	(13,363,707)
2026	(15,481,082)
Total	$ (56,141,445)

The deferred outflows/(inflows) of resources related to the change in proportion and difference 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
2023	$ 3,764,594
2024	3,340,338
2025	(959,055)
2026	(1,225,168)
2027	521,678
Thereafter	(492,930)
Total	$ 4,949,457

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS 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, 2021, are summarized in the following table:

Asset Class	Allocation	Long-Term Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	-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 of 7.10% and assume 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%)	$ 144,475,557
Current discount rate (7.10%)	70,972,966
1% increase (8.10%)	9,967,220

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS School Employee Pool provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the total District contributions were $14,693,225.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $89,213,203. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.4387% and 0.4309%, respectively, resulting in a net increase in the proportionate share of 0.0078%.

For the year ended June 30, 2022, the District recognized pension expense of $8,470,813. At June 30, 2022, 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	$ 14,693,225	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,693,090	2,358,964
Differences between projected and actual earnings on pension plan investments	-	34,237,372
Differences between expected and actual experience in the measurement of the total pension liability	2,663,243	210,312
Total	$ 19,049,558	$ 36,806,648

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
2023	$ (8,586,703)
2024	(7,896,242)
2025	(8,232,348)
2026	(9,522,079)
Total	$ (34,237,372)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 631,894
2024	615,480
2025	491,850
2026	47,833
Total	$ 1,787,057

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 150,425,988
Current discount rate (7.15%)	89,213,203
1% increase (8.15%)	38,393,458

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to $10,029,990 (10.828%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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 12 - 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 are 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had approximately $21.9 million in commitments with respect to unfinished capital projects:

The projects are funded through a combination of general obligation bonds, capital project apportionments from the California Community College Chancellor's Office, and local funds.

Note 13 - Adoption of New Standard

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of the adoption of the new standard, the opening balances of certain assets and deferred inflows of resources were restated as follows:

Primary Government	
Net Position - Beginning	$ 348,420,547
Lease receivables	1,047,649
Deferred inflows of resources related to leases	(1,047,649)
Net Position - Beginning	$ 348,420,547

Note 14 - Subsequent Events

On September 22, 2022, $150,000,000 of North Orange County Community College District, Election of 2014, Series 2022C Bonds were issued with a final maturity date of August 1, 2047, and interest rates ranging from 4.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year.

Required Supplementary Information
June 30, 2022

North Orange County Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 3,097,828	$ 2,550,658	$ 3,059,846	$ 3,100,787	$ 2,792,913
Interest	7,521,275	7,501,494	7,006,914	6,713,723	6,431,647
Difference between expected and actual experience	208,410	(3,714,831)	(3,763,659)	-	-
Changes of assumptions	-	3,576,747	6,835,881	-	-
Benefit payments	(5,439,906)	(5,278,202)	(5,272,744)	(5,294,051)	(4,865,894)
Net change in total OPEB liability	5,387,607	4,635,866	7,866,238	4,520,459	4,358,666
Total OPEB Liability - Beginning	121,407,237	116,771,371	108,905,133	104,384,674	100,026,008
Total OPEB Liability - Ending (a)	$126,794,844	$121,407,237	$116,771,371	$108,905,133	$104,384,674
Plan Fiduciary Net Position					
Contributions - employer	$ 3,962,305	$ 6,697,527	$ 7,601,257	$ 9,652,804	$ 8,346,685
Expected investment income	8,920,194	7,107,044	6,808,169	6,376,959	6,387,641
Differences between projected and actual earnings on OPEB plan investments	(36,224,040)	22,923,216	(2,514,853)	(1,554,328)	-
Benefit payments	(5,439,906)	(5,278,202)	(5,272,744)	(5,294,051)	(4,865,894)
Administrative expense	(464,351)	(426,969)	(382,846)	(353,179)	(342,392)
Net change in plan fiduciary net position	(29,245,798)	31,022,616	6,238,983	8,828,205	9,526,040
Plan Fiduciary Net Position - Beginning	142,194,083	111,171,467	104,932,484	96,104,279	86,578,239
Plan Fiduciary Net Position - Ending (b)	$112,948,285	$142,194,083	$111,171,467	$104,932,484	$ 96,104,279
Net OPEB Liability (Asset) - Ending (a) - (b)	$ 13,846,559	$ (20,786,846)	$ 5,599,904	$ 3,972,649	$ 8,280,395
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	89.08%	117.12%	95.20%	96.35%	92.07%
Covered Employee Payroll	$155,397,687	$152,030,747	$149,106,869	$140,501,970	$145,864,293
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	8.91%	-13.67%	3.76%	2.83%	5.68%
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.

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-19.33%	26.44%	3.78%	5.00%	7.22%
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.

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2344%	0.2650%	0.2546%	0.2807%	0.2785%
Proportionate share of the net OPEB liability	$ 935,052	$ 1,122,860	$ 948,003	$ 1,074,402	$ 1,171,698
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	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.1560%	0.1521%	0.1439%	0.1564%	0.1538%	0.1561%	0.1495%	0.1590%
Proportionate share of the net pension liability	$ 70,972,966	$ 147,360,884	$ 129,968,324	$ 143,727,367	$ 142,266,269	$ 126,233,864	$ 100,670,970	$ 92,916,230
State's proportionate share of the net pension liability associated with the District	35,710,844	75,964,553	70,906,397	82,290,640	84,163,523	71,862,687	53,243,846	56,106,831
Total	$ 106,683,810	$ 223,325,437	$ 200,874,721	$ 226,018,007	$ 226,429,792	$ 198,096,551	$ 153,914,816	$ 149,023,061
Covered payroll	$ 89,074,916	$ 87,572,895	$ 82,950,043	$ 87,329,002	$ 84,243,824	$ 79,575,871	$ 70,822,399	$ 70,820,109
Proportionate share of the net pension liability as a percentage of its covered payroll	79.68%	168.27%	156.68%	164.58%	168.87%	158.63%	142.15%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.4387%	0.4309%	0.4209%	0.4478%	0.4401%	0.4350%	0.4304%	0.4088%
Proportionate share of the net pension liability	$ 89,213,203	$ 132,200,039	$ 122,680,134	$ 119,407,301	$ 105,057,688	$ 85,920,879	$ 63,443,575	$ 46,408,766
Covered payroll	$ 62,955,831	$ 61,533,974	$ 57,551,927	$ 58,535,291	$ 55,210,837	$ 50,283,625	$ 46,862,170	$ 43,007,787
Proportionate share of the net pension liability as a percentage of its covered payroll	141.71%	214.84%	213.16%	203.99%	190.28%	170.87%	135.38%	107.91%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 15,441,723	$ 14,385,599	$ 14,974,965	$ 13,504,267	$ 12,601,575	$ 10,597,873	$ 8,538,491	$ 6,289,029
Contributions in relation to the contractually required contribution	(15,441,723)	(14,385,599)	(14,974,965)	(13,504,267)	(12,601,575)	(10,597,873)	(8,538,491)	(6,289,029)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 91,263,138	$ 89,074,916	$ 87,572,895	$ 82,950,043	$ 87,329,002	$ 84,243,824	$ 79,575,871	$ 70,822,399
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 14,693,225	$ 13,031,857	$ 12,135,115	$ 10,395,029	$ 9,091,116	$ 7,667,681	$ 5,957,101	$ 5,516,146
Contributions in relation to the contractually required contribution	(14,693,225)	(13,031,857)	(12,135,115)	(10,395,029)	(9,091,116)	(7,667,681)	(5,957,101)	(5,516,146)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 64,134,548	$ 62,955,831	$ 61,533,974	$ 57,551,927	$ 58,535,291	$ 55,210,837	$ 50,283,625	$ 46,862,170
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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* **-** There were no changes in assumptions since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% 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 either CalSTRS or CalPERS.
- *Changes of Assumptions* **-** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the District’s 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, 2022

North Orange County Community College District

The North Orange County Community College District was established in 1965 and serves approximately 155 square miles within Orange County and Los Angeles County. The District currently operates two community colleges, Cypress College (CC) and Fullerton College (FC). The college credit programs are housed primarily at CC and FC. The District also provides comprehensive college and continuing education programs through their North Orange Continuing Education (NOCE) at the Anaheim campus, the Cypress College campus, and the Wilshire campus. The District's colleges are 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, 2022

Member	Office	Term Expires
Jacqueline Rodarte	President	2024
Ed Lopez	Vice President	2024
Evangelina Rosales	Secretary	2024
Ryan Bent	Member	2024
Stephen T. Blount	Member	2022
Jeffrey P. Brown	Member	2022
Dr. Barbara Dunsheath	Member	2022
Kisha Mehta	Student Trustee, Cypress College	2023
Paloma Foster	Student Trustee, Fullerton College	2023

Administration as of June 30, 2022

Dr. Byron D. Clift Breland	Chancellor
Fred Williams	Vice Chancellor, Finance and Facilities
Irma Ramos	Vice Chancellor, Human Resources
Dr. Cherry Li-Bugg	Vice Chancellor, Educational Services and Technology
Dr. JoAnna Schilling	President, Cypress College
Dr. Gilbert Contreras	Interim President, Fullerton College
Valentina Purtell	President, North Orange Continuing Education
Kai Stearns	District Director, Public and Governmental Affairs

Auxiliary Organizations in Good Standing

Cypress College Foundation, established 1972
Master Agreement revised December 2020
Howard Kummerman, Executive Director

North Orange County Community College District Foundation, established 1987
Master Agreement revised February 2021
Dr. Byron D. Clift Breland, Board President

Friends of Fullerton College Foundation, established 2020
Master Agreement revised February 2021
Zoot Velasco, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 41,092,426
Federal Pell Grant Program Administrative Allowance	84.063		60,033
Federal Direct Student Loans	84.268		3,497,076
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,207,403
FSEOG Administrative Allowance	84.007		59,269
Federal Work-Study Program	84.033		537,775
Federal Work-Study Program Administrative Allowance	84.033		29,534
Subtotal Student Financial Assistance Cluster			46,483,516
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		28,770,275
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		27,760,499
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		73,079
Subtotal			56,603,853
Center of Excellence for Veteran Student Services	84.116G		222,029
Child Care Access Means Parents in School (CCAMPIS)	84.335A		56,563
Promise Career Pathways	84.031S		1,020,793
Passed through California State University Fullerton Auxiliary Services Corporation			
Project Raise: Regional Alliance in STEM Education	84.031C	P031C210118	4,157
Project Raise: Regional Alliance in STEM Education	84.031C	P0131C160152	4,073
Subtotal			1,029,023
Passed through California Department of Education			
Adult Education and Family Literacy Act (AEFLA)	84.002A	V002A180005	910,662
English Literacy and Civics Education (EL Civics)	84.002A	V002A180005	183,316
Subtotal			1,093,978
Passed through California Department of Rehabilitation			
College to Career Program	84.126A	30494	290,000
Workability II Program	84.126A	31235	218,000
Subtotal			508,000
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	21-C01-860	1,839,635
Total U.S. Department of Education			107,836,597

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	13666	$ 4,947
U.S. Department of Transportation			
Passed through Orange County Transportation Authority			
Job Access - Reverse Commute	20.516	CA-37-X113	161,310
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]	1,879,753
Research and Development Cluster			
National Aeronautics and Space Administration			
National Space Grant College and Fellowship Program	43.008		7,991
National Science Foundation			
NSF Harnessing Date Revolution	47.070		11,122
Passed through Rancho Santiago Community College District			
Advanced Technological Education Grant	47.076	15-1621.01	86,383
Subtotal Research and Development Cluster			105,496
U.S. Department of Veterans Affairs			
Veterans Services	64.117		5,344
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]	157,371
Passed through California State University Fullerton Auxiliary Services Corporation			
Health Careers Opportunity Program (Health Resources and Services Administration)	93.822	1D18HP32119	60,514
Total U.S. Department of Health and Human Services			217,885
Total Federal Financial Assistance			$ 110,211,332

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

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
AS Degree Nursing	$ 226,012	$ -	$ -	$ 17,647	$ 208,365	$ 208,365
Basic Needs Centers and Staffing Support	696,946	-	-	688,087	8,859	8,859
Board Financial Assistance Program (BFAP)	1,321,118	-	-	-	1,321,118	1,321,118
CalFresh Outreach	60,937	-	-	22,671	38,266	38,266
California Adult Education Program (CAEP)/AB86 Adult Education Consortium Planning	5,829,903	-	-	1,565,436	4,264,467	4,264,467
California College Promise	3,642,853	-	-	1,140,915	2,501,938	2,501,938
California State Preschool Program	154,431	-	-	-	154,431	154,431
CalWORKs	1,018,476	-	-	118,150	900,326	900,326
Campus Safety and Sexual Assault Prevention	33,976	-	-	26,156	7,820	7,820
Career Technical Education Data Unlocked Initiative	45,469	-	-	38,360	7,109	7,109
CCAP STEM Pathways Academy Grant	415,557	-	-	7,699	407,858	407,858
Child Care Food Program	177	-	-	-	177	177
Child Development Training Consortium	27,600	-	-	-	27,600	27,600
Classified Professional Development	120,058	-	-	119,489	569	569
College Career Access Pathways Instructional Materials	95,553	-	-	95,553	-	-
Cooperative Agencies Resources for Education (CARE)	443,385	-	-	6,963	436,422	436,422
COVID-19 Block Grant	1,995,948	-	-	-	1,995,948	1,995,948
Culturally Competent Faculty Professional Development	100,870	-	-	100,870	-	-
Disabled Students Programs and Services (DSPS)	3,921,189	-	-	129,208	3,791,981	3,791,981
Dream Resource Liaison Support	412,582	-	-	257,281	155,301	155,301
Equal Employment Opportunities Best Practices	208,333	-	-	208,333	-	-
Equal Employment Opportunities	172,295	-	-	128,013	44,282	44,282
Extended Opportunity Programs and Services (EOPS)	3,301,411	-	17,727	-	3,283,684	3,283,684
Financial Aid Technology	170,267	-	-	87,740	82,527	82,527
Guided Pathways	1,956,017	-	-	443,099	1,512,918	1,512,918
Hunger Free Campus Program	44,671	-	-	-	44,671	44,671
Innovation & Effectivenes Grant	199,812	-	-	199,812	-	-
LGBTQ+	264,476	-	-	264,476	-	-

Program	Program Revenues					
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Library Services Platform	$ 30,227			$ 30,227	$ -	$ -
Mental Health Support	735,061	-	-	712,506	22,555	22,555
Puente Project	19,268	-	-	17,374	1,894	1,894
QRIS Block Grant	13,968	-	-	11,023	2,945	2,945
Referee and Lane Technician	13,000	-	-	1,000	12,000	12,000
Regional Directors (RDs) for Employer Engagement	114,924	-	-	-	114,924	114,924
Strong Workforce - Regional	757,163	1,760,949	-	-	2,518,112	2,518,112
Strong Workforce Initiative - Local	10,085,866	-	-	4,462,562	5,623,304	5,623,304
Student Equity and Achievement Program (SEA)	15,869,574	-	-	2,920,044	12,949,530	12,949,530
Student Food and Housing Support	670,171	-	-	670,171	-	-
Student Retention and Enrollment	2,586,220	-	-	2,039,088	547,132	547,132
Student Success and Completion Grant	6,209,433	-	-	1,510,722	4,698,711	4,698,711
Telecom Tech Infrastructure Prog (TTIP)	2,562	-	-	2,562	-	-
Umoja Community Education Foundation - Umoja Project	13,000	-	-	7,000	6,000	6,000
Veterans Resource Center (VRC) Grant	118,874	-	-	115,575	3,299	3,299
Veterans Resource Center Student Services	440,105	-	-	256,297	183,808	183,808
Welding Prog. Improvement Grant	725,985	-	-	709,219	16,766	16,766
Work Independence Self-Advocacy Education	546,830	-	-	-	546,830	439,437
Total state programs	$ 65,832,553	$ 1,760,949	$ 17,727	$ 19,131,328	$ 48,444,447	$ 48,337,054

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit*	508.54	-	508.54
2. Credit	2,319.25	-	2,319.25
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	9,217.13	-	9,217.13
(b) Daily Census Contact Hours	524.55	-	524.55
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	1,083.90	-	1,083.90
(b) Credit	377.89	-	377.89
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	9,014.92	-	9,014.92
(b) Daily Census Procedure Courses	1,819.27	-	1,819.27
(c) Noncredit Independent Study/Distance Education Courses	1,206.40	-	1,206.40
D. Total FTES	26,071.85	-	26,071.85
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	445.39	-	445.39
2. Credit	79.70	-	79.70
CCFS-320 Addendum			
CDCP Noncredit FTES	1,042.55	-	1,042.55
Centers FTES			
1. Noncredit*	2,772.79	-	2,772.79
2. Credit	-	-	-

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

	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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 49,999,393	$ -	$ 49,999,393	$ 49,999,393	$ -	$ 49,999,393
Other	1300	27,072,929	-	27,072,929	27,072,929	-	27,072,929
Total Instructional Salaries		77,072,322	-	77,072,322	77,072,322	-	77,072,322
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	21,763,495	-	21,763,495
Other	1400	-	-	-	1,296,222	-	1,296,222
Total Noninstructional Salaries		-	-	-	23,059,717	-	23,059,717
Total Academic Salaries		77,072,322	-	77,072,322	100,132,039	-	100,132,039
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	44,563,763	-	44,563,763
Other	2300	-	-	-	3,724,948	-	3,724,948
Total Noninstructional Salaries		-	-	-	48,288,711	-	48,288,711
Instructional Aides							
Regular Status	2200	4,843,535	-	4,843,535	4,843,535	-	4,843,535
Other	2400	341,360	-	341,360	341,361	-	341,361
Total Instructional Aides		5,184,895	-	5,184,895	5,184,896	-	5,184,896
Total Classified Salaries		5,184,895	-	5,184,895	53,473,607	-	53,473,607
Employee Benefits	3000	30,899,634	-	30,899,634	60,958,526	-	60,958,526
Supplies and Material	4000	-	-	-	1,742,241	-	1,742,241
Other Operating Expenses	5000	-	-	-	12,075,593	-	12,075,593
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures		113,156,851	-	113,156,851	228,382,006	-	228,382,006

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 2,992,651	$ -	$ 2,992,651	$ 2,992,651	$ -	$ 2,992,651
Student Health Services Above Amount Collected	6441	-	-	-	16,143	-	16,143
Student Transportation	6491	-	-	-	32,217	-	32,217
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	40,602	-	40,602
Objects to Exclude							
Rents and Leases	5060	-	-	-	118,602	-	118,602
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	$ -	$ -	$ -	$ 5,991,351	$ -	$ 5,991,351
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,992,651	-	2,992,651	9,191,566	-	9,191,566
Total for ECS 84362, 50 Percent Law		$ 110,164,200	$ -	$ 110,164,200	$ 219,190,440	$ -	$ 219,190,440
Percent of CEE (Instructional Salary Cost/ Total CEE)		50.26%		50.26%	100.00%		100.00%
50% of Current Expense of Education					$ 109,595,220		$ 109,595,220

Activity Classification	Object Code			Unrestricted
EPA Proceeds:	8630			$ 57,339,829
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 57,339,829	$ -	$ -	$ 57,339,829
Total Expenditures for EPA		$ 57,339,829	$ -	$ -	$ 57,339,829
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance and retained earnings		
General Funds	$ 131,259,903	
Special Revenue Funds	20,302,359	
Capital Project Funds	126,773,024	
Debt Service Funds	44,477,957	
Internal Service Funds	27,143,383	
Fiduciary Funds	112,948,285	
Total fund balance - all District funds		$ 462,904,911
Amounts held in trust on behalf of others (Retiree OPEB Trust)		(112,948,285)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	805,182,696	
Accumulated depreciation is	(230,841,140)	
Total capital assets, net		574,341,556
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 OPEB	23,277,972	
Deferred outflows of resources related to pensions	52,824,633	
Total deferred outflows of resources		76,102,605
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.		(2,552,042)

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	$ (223,996,511)	
Compensated absences and load banking, less current portion already recorded in the funds	(10,531,967)	
Supplemental early retirement incentive	(1,795,564)	
Aggregate net OPEB liability	(14,781,611)	
Aggregate net pension liability	(160,186,169)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(48,542,516)	
Total long-term liabilities		$ (459,834,338)
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	(4,863,865)	
Deferred inflows of resources related to pensions	(106,331,988)	
Total deferred inflows of resources		(111,195,853)
Total net position		$ 426,818,554

	(Budget[1]) 2023		2022		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
General Fund [2]								
Revenues								
Federal	$ 25,793,330	6.6	$ 33,702,889	10.0	$ 34,951,201	10.9	$ 6,874,243	2.4
State	235,550,460	60.1	169,188,345	50.3	157,481,774	49.0	151,383,861	52.9
Local	130,358,659	33.3	133,790,207	39.7	128,981,891	40.1	128,019,051	44.7
Total revenues	391,702,449	100.0	336,681,441	100.0	321,414,866	100.0	286,277,155	100.0
Expenditures [2]								
Academic salaries	114,494,026	26.9	112,078,399	35.4	114,359,161	37.7	107,006,972	36.3
Classified salaries	79,869,343	18.8	75,672,921	23.9	69,167,532	22.8	70,552,950	23.9
Employee benefits	75,081,208	17.7	71,202,436	22.5	65,136,366	21.5	63,491,235	21.5
Supplies and materials	14,118,194	3.3	4,694,165	1.5	4,524,049	1.5	5,102,227	1.7
Other operating expenses	86,407,177	20.3	29,132,212	9.2	22,593,520	7.4	22,512,906	7.6
Capital outlay	43,246,411	10.2	13,703,004	4.3	6,293,191	2.0	7,384,586	2.5
Student financial aid	5,496,203	1.3	4,563,986	1.4	10,256,618	3.4	2,636,396	0.9
Interfund transfers, net	6,535,000	1.5	5,713,311	1.8	11,178,881	3.7	16,348,844	5.6
Other uses, net	63,785	0.0	63,425	0.0	50,737	0.0	51,050	0.0
Total expenditures and other uses	425,311,347	100.0	316,823,859	100.0	303,560,055	100.0	295,087,166	100.0
Increase (Decrease) in Fund Balance	$ (33,608,898)	(7.9)	$ 19,857,582	6.3	$ 17,854,811	5.9	$ (8,810,011)	(3.1)
Ending Fund Balance	$ 97,651,005	23.0	$ 131,259,903	41.4	$ 111,402,321	36.7	$ 93,547,510	31.7
Full-Time Equivalent Students	26,071.85		26,071.85		31,842.56		33,337.45	
Total long-term liabilities, including retiree benefit liability	N/A		$ 467,485,429		$ 612,909,712		$ 624,273,115	

[1] The year 2023 General Fund budget was adopted by the Board on September 13, 2022. The budget is included for analytical purposes and has not been subjected to audit.

[2] On behalf payment of $2,484,356 relating to Senate Bill 90 are not included in actual revenues and expenditures for the year ending June 30, 2020, and is not included in budgeted amounts.

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.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. 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.

Indirect Cost Rate
The Organization has not 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 proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of the Governmental Funds to the Statement of Net Position

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

Schedule of Financial Trends and Analysis of the General Fund

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

Independent Auditor’s Reports
June 30, 2022

North Orange County Community College District

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

Board of Trustees
North Orange County Community College District
Anaheim, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of North Orange County Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2022.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

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 have not been 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, 2022

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

Board of Trustees
North Orange County Community College District
Anaheim, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2022

Independent Auditor's Report on State Compliance

Board of Trustees
North Orange County Community College District
Anaheim, California

Report on State Compliance

We have audited North Orange County Community College District's (the District) compliance with the types of compliance requirements described in the 2021-2022 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, 2022.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2022.

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 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* 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 2021-2022 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.

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 2021-2022 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 2021-2022 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 499	COVID-19 Response Block Grant Expenditures

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

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 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, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

North Orange County 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 Assistance Listing/ Federal CFDA Number
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
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

2021-001 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds, Institutional Portion
Federal Assistance Listing Number: 84.425F
Federal Agency: U.S. Department of Education
Direct Funded by the U.S. Department of Education

Recommendation
The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Current Status
Implemented.

State Compliance Findings

None reported.

Additional Supplementary Information
June 30, 2022

North Orange County Community College District

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
Assets							
Cash and cash equivalents	$ 152,967	$ 2,094,940	$ 2,537,977	$ -	$ -	$ 1,750,132	$ -
Investments	158,125,596	-	-	91,666	44,438,642	63,689,151	63,423,575
Accounts receivable	16,486,398	227	-	56,594	39,315	2,645,409	36,205
Student receivables	43,546	-	-	-	-	-	-
Due from other funds	13,865,439	3,059,234	39,104	133,402	-	4,947,184	1,636,748
Inventories	105,791	160,866	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-
Lease receivables	976,952	-	-	-	-	-	-
Total assets	$ 189,756,689	$ 5,315,267	$ 2,577,081	$ 281,662	$ 44,477,957	$ 73,031,876	$ 65,096,528
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 23,369,391	$ 43,560	$ -	$ 16,396	$ -	$ 3,612,822	$ 3,700,003
Due to other funds	16,473,242	-	-	151,167	-	1,410,915	2,461,346
Unearned revenue	17,687,231	-	-	11,023	-	170,294	-
Total liabilities	57,529,864	43,560	-	178,586	-	5,194,031	6,161,349
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	966,922	-	-	-	-	-	-
Fund Balances							
Nonspendable	255,792	160,866	-	-	-	-	-
Restricted	8,823,588	-	-	-	44,477,957	67,837,845	58,935,179
Committed	6,337,728	-	-	-	-	-	-
Assigned	70,533,540	5,110,841	2,577,081	103,076	-	-	-
Unassigned	45,309,255	-	-	-	-	-	-
Total fund balances	131,259,903	5,271,707	2,577,081	103,076	44,477,957	67,837,845	58,935,179
Total liabilities, deferred inflows of resources, and fund balances	$ 189,756,689	$ 5,315,267	$ 2,577,081	$ 281,662	$ 44,477,957	$ 73,031,876	$ 65,096,528

	Associated Students	Student Representation Fee	Student Financial Aid	CRPA Fund	Retiree Benefits	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
Assets							
Cash and cash equivalents	$ 704,914	$ 181,269	$ 3,498	$ 43,802	$ -	$ 13,940,461	$ 21,409,960
Investments	440,337	-	9,341,326	-	127	4,900,191	344,450,611
Accounts receivable	3,870	-	807,303	19,000	596	2,530,480	22,625,397
Student receivables	-	5,814	910,411	7,420	-	3,374,098	4,341,289
Due from other funds	-	-	778,499	-	1,559,944	1,560,251	27,579,805
Inventories	-	-	-	-	-	-	266,657
Other current assets	-	-	-	-	-	500	500
Lease receivables	-	-	-	-	-	-	976,952
Total assets	$ 1,149,121	$ 187,083	$ 11,841,037	$ 70,222	$ 1,560,667	$ 26,305,981	$ 421,651,171
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 175,250	$ 9,008	$ 9,302,856	$ -	$ 20	$ 1,767,420	$ 41,996,726
Due to other funds	34,605	-	43,689	-	-	7,746,646	28,321,610
Unearned revenue	-	-	2,444,492	-	-	7,239,630	27,552,670
Total liabilities	209,855	9,008	11,791,037	-	20	16,753,696	97,871,006
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	-	-	-	-	-	-	966,922
Fund Balances							
Nonspendable	-	-	-	-	-	-	416,658
Restricted	939,266	178,075	50,000	-	-	-	181,241,910
Committed	-	-	-	-	-	-	6,337,728
Assigned	-	-	-	70,222	1,560,647	-	79,955,407
Unassigned	-	-	-	-	-	9,552,285	54,861,540
Total fund balances	939,266	178,075	50,000	70,222	1,560,647	9,552,285	322,813,243
Total liabilities, deferred inflows of resources, and fund balances	$ 1,149,121	$ 187,083	$ 11,841,037	$ 70,222	$ 1,560,667	$ 26,305,981	$ 421,651,171

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
Revenues							
Federal revenues	$ 33,702,889	$ -	$ -	$ 63,959	$ -	$ -	$ -
State revenues	169,188,345	-	-	157,375	218,559	15,620,504	-
Local revenues	133,790,207	832,563	165,230	184,686	45,196,080	3,453,012	(801,981)
Total revenues	336,681,441	832,563	165,230	406,020	45,414,639	19,073,516	(801,981)
Expenditures							
Current Expenditures							
Academic salaries	112,078,399	-	-	-	-	-	-
Classified salaries	75,672,921	653,837	-	514,836	-	680,272	-
Employee benefits	71,202,436	259,292	-	184,174	-	250,500	-
Books and supplies	4,694,165	516,205	-	10,773	-	177,344	143,588
Services and operating expenditures	29,132,212	14,561	-	90,296	-	4,752,419	99,716
Capital outlay	13,703,004	-	-	4,324	-	12,137,873	19,690,778
Debt service - principal	-	-	-	-	41,260,000	-	-
Debt service - interest and other	63,425	-	-	-	6,662,820	-	-
Total expenditures	306,546,562	1,443,895	-	804,403	47,922,820	17,998,408	19,934,082
Excess of Revenues Over (Under) Expenditures	30,134,879	(611,332)	165,230	(398,383)	(2,508,181)	1,075,108	(20,736,063)
Other Financing Sources (Uses)							
Operating transfers in	7,744,595	3,200,217	39,104	398,383	-	2,500,000	-
Operating transfers out	(13,457,906)	-	(145,000)	-	-	(1,000,000)	-
Other uses	(4,563,986)	-	-	-	-	-	-
Total other financing sources (uses)	(10,277,297)	3,200,217	(105,896)	398,383	-	1,500,000	-
Net Change in Fund Balances	19,857,582	2,588,885	59,334	-	(2,508,181)	2,575,108	(20,736,063)
Fund Balances, Beginning of Year	111,402,321	2,682,822	2,517,747	103,076	46,986,138	65,262,737	79,671,242
Fund Balances, End of Year	$ 131,259,903	$ 5,271,707	$ 2,577,081	$ 103,076	$ 44,477,957	$ 67,837,845	$ 58,935,179

	Associated Students	Student Representation Fee	Student Financial Aid	CRPA Fund	Retiree Benefits	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
Revenues							
Federal revenues	$ -	$ -	$ 76,446,933	$ -	$ -	$ -	$ 110,213,781
State revenues	-	-	11,925,410	-	-	-	197,110,193
Local revenues	224,004	39,175	49,700	-	1,567,257	4,515,244	189,215,177
Total revenues	224,004	39,175	88,422,043	-	1,567,257	4,515,244	496,539,151
Expenditures							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	112,078,399
Classified salaries	100,358	-	-	-	-	11,008	77,633,232
Employee benefits	15,680	-	-	-	1,522,399	956	73,435,437
Books and supplies	26,907	-	-	-	-	5,166	5,574,148
Services and operating expenditures	163,375	23,106	6,010	-	794	1,568,462	35,850,951
Capital outlay	33,110	-	-	-	-	-	45,569,089
Debt service - principal	-	-	-	-	-	-	41,260,000
Debt service - interest and other	-	-	-	-	-	-	6,726,245
Total expenditures	339,430	23,106	6,010	-	1,523,193	1,585,592	398,127,501
Excess of Revenues Over (Under) Expenditures	(115,426)	16,069	88,416,033	-	44,064	2,929,652	98,411,650
Other Financing Sources (Uses)							
Operating transfers in	9,008	-	-	-	-	764,296	14,655,603
Operating transfers out	-	(9,008)	(43,689)	-	-	-	(14,655,603)
Other uses	-	-	(88,372,344)	-	-	-	(92,936,330)
Total other financing sources (uses)	9,008	(9,008)	(88,416,033)	-	-	764,296	(92,936,330)
Net Change in Fund Balances	(106,418)	7,061	-	-	44,064	3,693,948	5,475,320
Fund Balances, Beginning of Year	1,045,684	171,014	50,000	70,222	1,516,583	5,858,337	317,337,923
Fund Balances, End of Year	$ 939,266	$ 178,075	$ 50,000	$ 70,222	$ 1,560,647	$ 9,552,285	$ 322,813,243

	Internal Service Fund
Assets	
Cash and cash equivalents	$ 75,000
Investments	26,178,069
Accounts receivable	14,894
Due from other funds	6,543,942
Total assets	$ 32,811,905
Liabilities and Fund Equity	
Liabilities	
Due to other funds	$ 2,802,137
Claim liabilities	2,866,385
Total liabilities	5,668,522
Fund Equity	
Retained earnings	27,143,383
Total liabilities and fund equity	$ 32,811,905

	Internal Service Fund
Operating Revenues	
Premium contributions	$ 6,543,942
Operating Expenses	
Classified salaries	241,939
Employee benefits	5,538,845
Services and other operating expenditures	2,535,434
Total operating expenses	8,316,218
Operating Loss	(1,772,276)
Nonoperating Revenues (Expenses)	
Investment loss	(321,406)
Net Loss	(2,093,682)
Retained Earnings, Beginning of Year	29,237,065
Retained Earnings, End of Year	$ 27,143,383

	Internal Service Fund
Cash Flows from Operating Activities	
Cash received from assessments made to other funds	$ 8,705,875
Cash payments to employees for services	(5,784,629)
Cash payments for insurance claims	(2,704,408)
Net Cash Provided by (Used for) Operating Activities	216,838
Cash Flows from Investing Activities	
Interest on investments	153,926
Change in fair market value of cash in county	(477,020)
Net Cash Provided by (Used for) Investing Activities	(323,094)
Net Decrease in Cash and Cash Equivalents	(106,256)
Cash and Cash Equivalents - Beginning	26,359,325
Cash and Cash Equivalents - Ending	$ 26,253,069
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Operating loss	$ (1,772,276)
Changes in assets and liabilities	
Due from other funds	(179,706)
Accounts payable	(3,845)
Due to other funds	2,341,639
Claim liabilities	(168,974)
Net Cash Provided By Operating Activities	$ 216,838

	Retiree OPEB Trust
Assets	
Investments	$ 115,948,285
Liabilities and Fund Balance	
Liabilities	
Due to other funds	$ 3,000,000
Fund Balance	
Restricted	112,948,285
Total liabilities and fund balance	$ 115,948,285

	Retiree OPEB Trust
Revenues	
Local revenues	$ (25,781,447)
Expenditures	
Current	
Employee benefits	3,000,000
Services and operating expenditures	464,351
Total expenditures	3,464,351
Excess of Revenues Over (Under) Expenditures	(29,245,798)
Fund Balances, Beginning of Year	142,194,083
Fund Balances, End of Year	$ 112,948,285

Note 1 - Purpose of Schedules

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of North Orange County Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. This information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the preference of District management.