Financial Statements
June 30, 2023

North Orange County Community College District

eidebailly.com

EideBailly

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 North Orange County Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. 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 20 and other required supplementary schedules on pages 65 through 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 7, 2023

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, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The 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. Cypress College also offers a baccalaureate degree. North Orange Continuing Education offers non-college credit programs including high school diploma completion, basic skills, vocational certificates, and self-development courses.

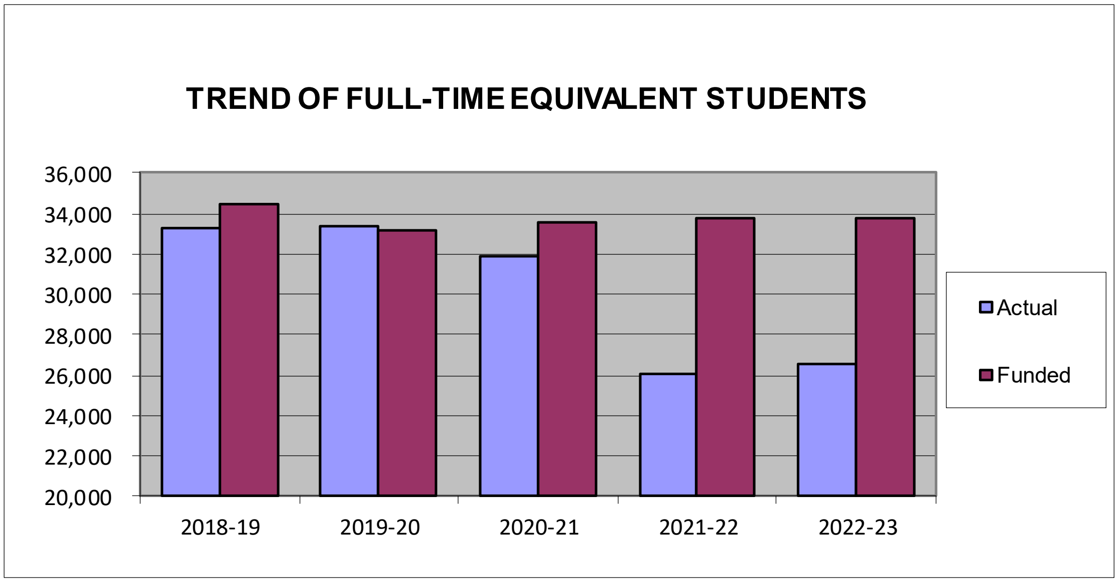
SELECTED HIGHLIGHTS

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).

1830 W. Romneya Drive, Eighth Floor • Anaheim, CA 92801-1819 • Telephone (714) 808-4751 • FAX (714) 808-4733



Notes: The District applied for Emergency Conditions Allowance for fiscal years 2019-20 through 2021-22, which has held FTES for funding at the levels reported in 2019-2020 at P1. In 2022-23, as the impact of the emergency conditions allowance phases out, the District is receiving stability funding which continues to hold funding at the prior FTES levels.

FTES still comprises the majority of the funding under the SCFF. Since 2018-19, the District FTES has decreased 19.46% or 6,702 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 through 2022-2023.

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, $150,000,000 (Series B) was issued in June 2019, and $150,000,000 (Series C) was issued in September 2022. 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, a new Veterans' Center, and expansion of the Student Activities Center. 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, a new Performing Arts Complex, a new Student Services Building, and M&O facilities. 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, 2023, 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 86 and 87 of the report.

Provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* have 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 35 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.

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 593,228,959	$ 392,113,640	$ 201,115,319
Receivables	56,705,572	30,958,532	25,747,040
Other current assets	211,500	267,157	(55,657)
Capital and right-to-use subscription IT assets, net	584,427,851	576,370,362	8,057,489
Total assets	1,234,573,882	999,709,691	234,864,191
Deferred Outflows of Resources	95,292,158	76,102,605	19,189,553
Liabilities			
Accounts payable and accrued liabilities	133,159,227	67,316,732	65,842,495
Current portion of long-term liabilities	44,929,904	46,987,201	(2,057,297)
Noncurrent portion of long-term liabilities	615,332,138	422,189,618	193,142,520
Total liabilities	793,421,269	536,493,551	256,927,718
Deferred Inflows of Resources	42,053,334	112,162,775	(70,109,441)
Net Position			
Net investment in capital assets	443,882,507	409,617,640	34,264,867
Restricted	154,751,928	146,898,072	7,853,856
Unrestricted deficit*	(104,242,998)	(129,359,742)	25,116,744
Total net position	$ 494,391,437	$ 427,155,970	$ 67,235,467

* 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 ($196.3 million), Bond Fund ($201.5 million), Capital Outlay Fund ($84.4 million), and the Self Insurance Fund ($21.7 million). The increase of $201.1 million was mostly attributable to the issuance of $150 million in bonds under the current bond authorization to meet cash flow needs of construction projects that have now been authorized to start. The General Fund also has seen an increase of $38.2 million, primarily resulting from treatment of hold harmless funding to supplement ongoing operations. 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 2022-2023 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 as well as state apportionment. This year, there is a net increase in receivables. State apportionment and categorical aid comprise the majority of the balance, with $28.4 million and $8.4 million in receivables, respectively . The majority of the increase in overall receivables is the result of the apportionment receivable due to changes in funding sources required by the state (related to the discussion on the deferral of EPA funding below). Receivables from categorical funding decreased this year as pandemic-related funding continues to end and associated spending is completed. 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 to be cleared previously held for sale in the bookstores located at Fullerton College and North Orange Continuing Education.

- Capital and right-to-use subscription IT assets, net is primarily made up of the District's investments in land, buildings and building improvements, construction in progress, vehicles, and subscription IT assets at historical cost and net of accumulated depreciation/amortization. Additional discussion on capital and right-to-use subscription IT assets is included below. Also, Note 7 of these financial statements provides a summary of changes during the 2022-2023 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, 2023. 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, 2023. 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. This year, the overall increase of $65.8 million in liabilities for unearned revenues also includes $22.9 million in EPA funding that was required by the state to be deferred into the following fiscal year.

- Long-term liabilities include bonded debt issuances and unamortized premiums related to the general obligation bond liability, subscription IT arrangements, compensated absence and load banking balances, claim liabilities, and aggregate net OPEB and net pension obligations. The increase in long-term liabilities of $191.1 million is primarily due to increases in the outstanding bond liabilities as well as an increase in the District's aggregate net pension liability. The District has bonded debt issuances outstanding that amounts to $389.0 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 $16.9 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 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 decreased from the prior year primarily due to reduced differences between projected and actual earnings on pension plan investments. (See Notes 9 and 11).

CAPITAL AND RIGHT-TO-USE SUBSCRIPTION IT ASSETS AND LONG-TERM LIABILITY ADMINISTRATION

Capital and Right-to-use Subscription IT Assets

As of June 30, 2023, the District had $584.4 million invested in net capital and right-to-use subscription IT assets. Total capital assets of $825.9 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 $243.2 million over the years they have been in service. During 2022-2023, $97.9 million of buildings and improvement projects completed construction. In addition, $20.6 million of construction in progress occurred during 2022-2023 primarily as a result of Measure J funded projects. Depreciation expense of $13.0 million was recorded for the fiscal year.

Capital additions primarily comprise replacement, renovation, and new construction. Construction was completed in 2022-2023 for the new Science, Engineering, and Mathematics Building at Cypress College, and is wrapping up for the 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.

Additionally, the District recognized right-to-use subscription IT assets in the amount of $1.7 million. During 2022-2023, right-to-use subscription IT asset additions were $0.6 million and amortization expense was $0.9 million.

Note 7 in the financial statements provides additional information on capital and right-to-use subscription IT assets. A summary of these assets is presented below.

	Balance, June 30, 2023	Balance, June 30, 2022, as restated
Capital and Right-to-use Subscription IT Assets		
Land and improvements, net	$ 25,692,563	$ 24,291,346
Buildings and improvements, net	417,090,938	332,102,868
Equipment, net	6,522,744	7,267,830
Construction in progress	133,391,588	210,679,512
Right-to-use subscription IT assets, net	1,730,018	2,028,806
Total capital and right-to-use subscription IT assets, net	$ 584,427,851	$ 576,370,362

Long-Term Liabilities

At June 30, 2023, the District had $660.3 million in long-term liabilities consisting of $389.0 million from general obligation bonds; $2.7 million from self-insurance claims payable; $16.9 million from compensated absences and load banking payable; $1.5 million from subscription-based IT arrangements; $1.5 million from the aggregate net OPEB liability; and $248.7 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 and 2022-2023, 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, 2023, the total OPEB liability is still significantly funded by the value of the assets in the Trust. The net position and activity for the irrevocable trust are shown on pages 25 and 26 as part of the Fiduciary funds.

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, 2023	Balance, June 30, 2022, as restated
General obligation bonds	$ 388,976,292	$ 272,539,027
Claims payable	2,755,997	2,866,385
Compensated absences and load banking	16,884,952	15,316,673
Subscription-based IT arrangements	1,452,229	1,691,390
Supplemental early retirement plan	-	1,795,564
Aggregate net OPEB liability	1,466,267	14,781,611
Aggregate net pension liability	248,726,305	160,186,169
Total long-term liabilities	660,262,042	469,176,819
Less current portion	44,929,904	46,987,201
Long-term portion	$ 615,332,138	$ 422,189,618

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, 2023 and 2022, is summarized below:

	2023	2022*	Change
Operating Revenues			
Tuition and fees, net	$ 15,721,795	$ 14,760,155	$ 961,640
Grants and contracts, noncapital	76,932,128	87,287,899	(10,355,771)
Auxiliary sales and charges	330,783	997,793	(667,010)
Total operating revenues	92,984,706	103,045,847	(10,061,141)
Operating Expenses			
Salaries and benefits	261,950,646	236,114,042	25,836,604
Supplies, services, equipment, and maintenance	61,969,611	57,431,866	4,537,745
Student financial aid	78,583,373	92,936,330	(14,352,957)
Depreciation and amortization	13,920,085	12,679,553	1,240,532
Total operating expenses	416,423,715	399,161,791	17,261,924
Operating loss	(323,439,009)	(296,115,944)	(27,323,065)
Nonoperating Revenues (Expenses)			
State apportionments	110,330,237	98,353,203	11,977,034
Property taxes	173,806,063	164,072,883	9,733,180
Student financial aid grants	74,575,253	88,372,343	(13,797,090)
State revenues	12,919,612	10,371,648	2,547,964
Net interest expense	(2,724)	(14,298,604)	14,295,880
Other nonoperating revenues	10,518,246	12,024,785	(1,506,539)
Total nonoperating revenue (expenses)	382,146,687	358,896,258	23,250,429
Other Revenues (Losses)			
State/local capital income and gains/losses on disposal of capital assets	8,527,789	15,617,693	(7,089,904)
Change in net position	$ 67,235,467	$ 78,398,007	$ (11,162,540)

*The revenues and expenses for the year ended June 30, 2023 were not restated to show the effects of the implementation of GASB Statement No. 96 for comparative purposes.

- 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 increase in these amounts is attributable to the resumption of on-campus classes coming out of the pandemic allowing more access to classes for the traditional student population.

- 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). With the declared end of the pandemic, the various supplementary pandemic-related Federal funds provided to Districts to assist students and colleges with providing a continuity of education have been ending. Spending on these programs continues to complete, with no additional new funding. Pages 76 through 80 of the supplementary information section of this report provide a complete listing of Federal and State noncapital grants and contracts.

- Auxiliary sales are for commissions from vendor contracts for bookstores, food services and vending machines at the campuses.

- Salaries and benefits comprise 63% 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 84.7% of total General Fund expenses as reflected on page 106 of this report (exclusive of student financial aid, net transfers out, and other net uses). Academic salaries increased by $6.2 million and classified salaries increased by $1.4 million, which is attributable to the settled salary increases and one-time payments in 2022-2023. Benefit costs increased by $9.6 million, in line with this activity, as well as increases in pension expense rates and increased benefit costs overall. See Note 11 for more information on pension-related activity.

- Other operating expenses consist of supplies, insurance, utilities, depreciation and amortization 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 continues to be in hold harmless status for 2022-2023, 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 funds provided to the District through the tax allocations from the Orange County Treasurer’s Office. Capital debt-related property taxes, which also increased, 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, decreased funding was also received from Federal and State sources as help driven by the pandemic to provide direct student support for educational and basic needs in a variety of ways is ending. Pages 76 through 80 of the supplementary information section of this report provide a complete listing of Federal and State noncapital grants and contracts.

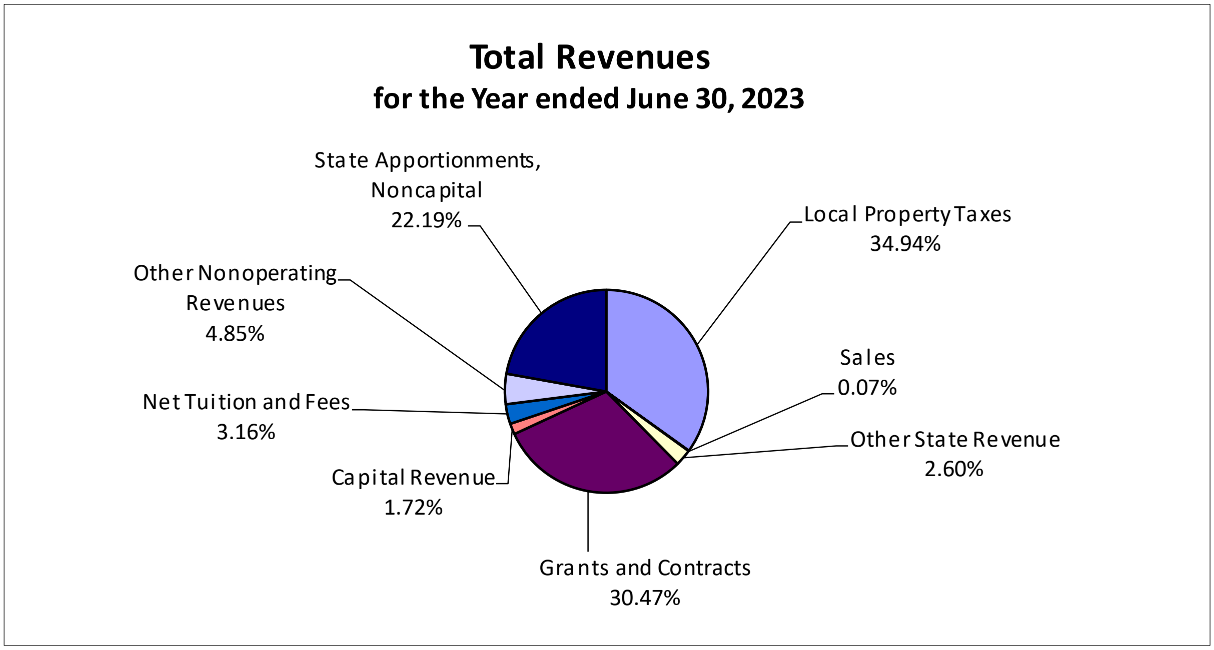
- State revenues include state taxes and other revenues mainly comprised of State mandated cost revenues and lottery revenues. Lottery revenue is based on the prior year's FTES. The District has elected to participate in an emergency conditions provision that permits the use of the 2019-2020 P1 FTES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

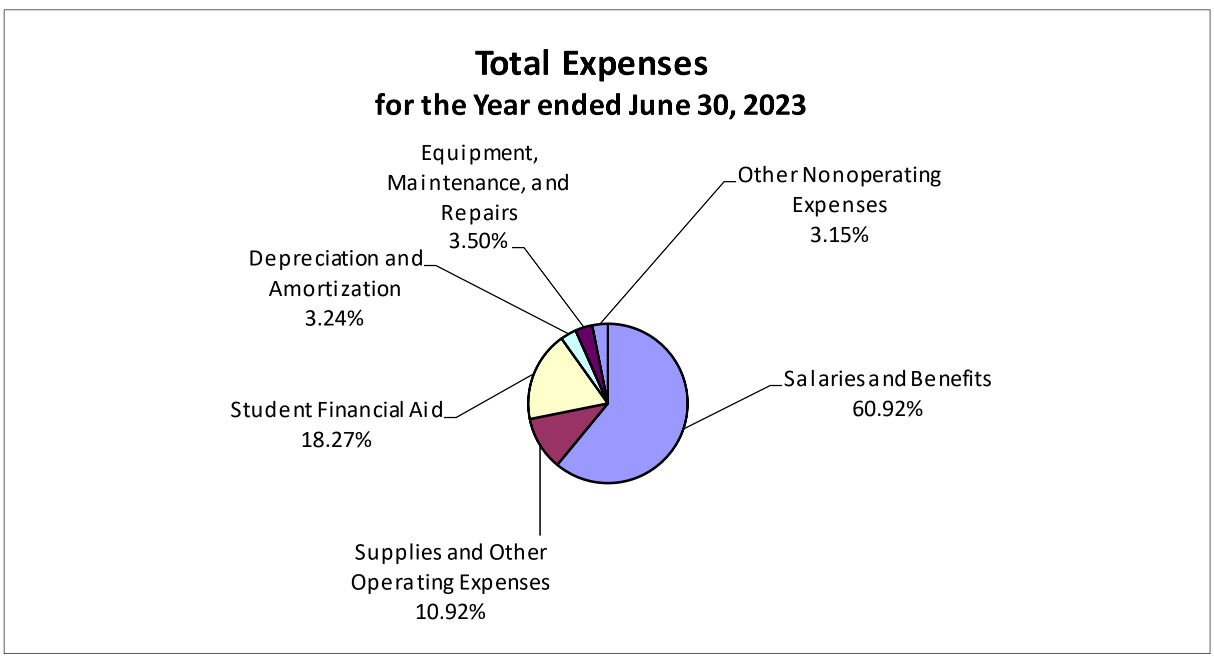
- Net interest expense shown is the net of interest expense on capital related debt and investment income earned. Interest expense activity on capital related debt increased by $2.2 million attributable to the net increase in the underlying capital related debt. Other investment income increased $16.5 million, going from net losses to net income. This can be attributed to the steady increase in interest rates as well as increases in the cash and investment balances overall.

- 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 decrease in this account is mainly due to less 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 22.





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, 2023 and 2022, is presented below:

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (291,212,580)	$ (282,360,829)	$ (8,851,751)
Noncapital financing activities	326,364,337	351,013,954	(24,649,617)
Capital financing activities	154,918,597	(22,407,034)	177,325,631
Investing activities	11,018,969	(4,342,135)	15,361,104
Net Increase in Cash	201,089,323	41,903,956	159,185,367
Cash and Cash Equivalents, Beginning of Year	390,208,898	348,304,942	41,903,956
Cash and Cash Equivalents, End of Year	$ 591,298,221	$ 390,208,898	$ 201,089,323

- 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 71% of the total cash provided by noncapital financing activities. Additionally, cash received from noncapital related grants and contracts accounts for 23% 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 increase in cash receipts in this category is the result of the issuance of Measure J bonds in September 2022.

- 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 increase in cash received from investing activities is due to increased interest revenue from 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, 2023, are:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 115,123,276	$ 4,841,473	$ 42,703	$ 1,361,011	$ -	$ 121,368,463
Academic support	26,590,763	1,139,103	485	637,279	-	28,367,630
Student services	60,754,792	9,326,982	2,610,041	831,562	-	73,523,377
Plant operations and maintenance	14,327,862	9,555,650	-	833,984	-	24,717,496
Instructional support services	36,386,680	12,497,590	42,950	339,049	-	49,266,269
Community services and economic development	1,034,060	232,784	-	3,663	-	1,270,507
Ancillary services and auxiliary operations	4,751,048	4,609,891	-	91,430	-	9,452,369
Student aid	25,413	1,913,856	75,887,194	-	-	77,826,463
Physical property and related acquisitions	2,956,752	2,821,600	-	10,932,704	-	16,711,056
Unallocated depreciation and amortization	-	-	-	-	13,920,085	13,920,085
Total	$ 261,950,646	$ 46,938,929	$ 78,583,373	$ 15,030,682	$ 13,920,085	$ 416,423,715

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 California economy plays a pivotal role in shaping the budgetary outlook for community colleges. The state's economic health is a crucial determinant of available funds for education. The 2022-23 tax revenues have still not fully materialized due to the extension of tax deadlines to November 16 for most Californians. Tax revenues falling short of projections have cast a doubt over budgetary expectations for which the ultimate resolution is still pending. Compounding this is the projected reduction of the 2024-25 statutory COLA from 3.94% to 1.00%. We continue to monitor these factors for their impacts on community college funding.

- **Enrollments** – It appears that the decline in FTES has stopped and we're starting to see a slight uptick as we are coming out of pandemic conditions. However, as discussed at the start of this section, overall enrollments are still down from 2017-18 levels. As the safety net provided by the emergency conditions allowance starts to transition out of the funding formula, enrollment gains will become more impactful to overall funding. However, it's worth noting that Orange County high school graduation rates are expected to experience an overall decline of 11% in the next five years. This evolving trend adds a layer of complexity to our ongoing efforts. The District continues to focus on outreach activities as part of strategies to address the changing needs of students and the community.

- **Early Retirement Incentive** – The Board of Trustees will discuss an early retirement incentive at their November and December Board meetings. This strategic move is poised to offer an avenue for cost savings, potentially alleviating financial pressures and providing the District with a valuable opportunity to rebuild with a forward-looking perspective. As we consider the prospect of incentivizing early retirements, we envision leveraging the resulting savings to continue efforts to position ourselves as a destination district for education, ready to meet the changing needs of our students on their unique educational pathways.

- **Construction** – The District will start a second major wave of construction commencing in 2024 for state-funded and Measure J projects. However, this is not without its challenges, as construction costs have been on a steady rise, necessitating careful financial planning to ensure the successful execution of these vital projects. Concurrently, the landscape of work and education is experiencing notable transformations, influenced by increased technology needs driven by hybrid modalities, requiring us to adapt and integrate evolving technological requirements into our construction plans. We continue to monitor cash flows and the impact of rising costs on projects to ensure their timely and successful completion.

- **Outside Influences** – Legislative changes and mandates can directly impact funding allocations, introducing financial obligations that require careful budgetary consideration. The Student-Centered Funding Formula continues to undergo scrutiny and revisions that can reshape resource distribution to the District. Compliance with the 50% Law, which stipulates minimum spending on instruction, is under stress from increased funding being provided to colleges to support students' needs outside of the classroom. Navigating these and other similar external factors requires community colleges to remain agile and responsive while still focusing on sustaining fiscal health.

- 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	$ 21,080,537
Investments	572,148,422
Accounts receivable	45,955,157
Student receivables	6,846,560
Due from fiduciary funds	3,000,000
Inventories	211,000
Other assets	500
Lease receivables	903,855
Capital and right-to-use subscription IT assets	
Nondepreciable capital assets	152,671,960
Depreciable capital assets, net of accumulated depreciation	430,025,873
Right-to-use subscription IT assets, net of accumulated amortization	1,730,018
Total capital and right-to-use subscription IT assets, net	584,427,851
Total assets	1,234,573,882
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	16,178,756
Deferred outflows of resources related to pensions	79,113,402
Total deferred outflows of resources	95,292,158
Liabilities	
Accounts payable	38,645,827
Accrued interest payable	4,854,777
Unearned revenue	89,658,623
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	44,929,904
Long-term liabilities other than OPEB and pensions, due in more than one year	365,139,566
Aggregate net OPEB liability	1,466,267
Aggregate net pension liability	248,726,305
Total liabilities	793,421,269
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	870,371
Deferred inflows of resources related to OPEB	10,234,369
Deferred inflows of resources related to pensions	30,948,594
Total deferred inflows of resources	42,053,334
Net Position	
Net investment in capital assets	443,882,507
Restricted for	
Debt service	44,322,778
Capital projects	74,213,931
Educational programs	9,735,055
Other activities	26,480,164
Unrestricted	(104,242,998)
Total Net Position	$ 494,391,437

Operating Revenues	
Tuition and fees	$ 32,134,012
Less: Scholarship discounts and allowances	(16,412,217)
Net tuition and fees	15,721,795
Grants and contracts, noncapital	
Federal	21,813,144
State	52,004,710
Local	3,114,274
Total grants and contracts, noncapital	76,932,128
Auxiliary enterprise sales and charges	
Bookstore	67,611
Cafeteria	263,172
Total operating revenues	92,984,706
Operating Expenses	
Salaries	198,668,923
Employee benefits	63,281,723
Supplies, materials, and other operating expenses and services	46,938,929
Student financial aid	78,583,373
Equipment, maintenance, and repairs	15,030,682
Depreciation and amortization	13,920,085
Total operating expenses	416,423,715
Operating Loss	(323,439,009)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	110,330,237
Local property taxes, levied for general purposes	125,463,227
Taxes levied for other specific purposes	48,342,836
Federal and State financial aid grants	74,575,253
State taxes and other revenues	12,919,612
Investment income, net	12,687,104
Interest expense on capital related debt	(13,586,087)
Investment income on capital asset-related debt, net	896,259
Other nonoperating revenue	10,518,246
Total nonoperating revenues (expenses)	382,146,687
Income Before Other Revenues and Losses	58,707,678
Other Revenues (Losses)	
State revenues, capital	8,570,553
Loss on disposal of capital assets	(42,764)
Total other revenues (losses)	8,527,789
Change In Net Position	67,235,467
Net Position, Beginning of Year, as restated	427,155,970
Net Position, End of Year	$ 494,391,437

Operating Activities	
Tuition and fees	$ 13,048,888
Federal, state, and local grants and contracts, noncapital	123,578,317
Auxiliary sales	330,783
Payments to or on behalf of employees	(275,107,510)
Payments to vendors for supplies and services	(74,479,685)
Payments to students for scholarships and grants	(78,583,373)
Net cash flows from operating activities	(291,212,580)
Noncapital Financing Activities	
State apportionments	104,785,180
Federal and state financial aid grants	74,575,253
Property taxes - nondebt related	125,463,227
State taxes and other apportionments	12,729,782
Other nonoperating	8,810,895
Net cash flows from noncapital financing activities	326,364,337
Capital Financing Activities	
Purchase of capital assets	(15,458,407)
Proceeds from capital debt	153,564,639
State revenue, capital	21,077,934
Property taxes - related to capital debt	48,342,836
Principal paid on capital debt	(40,595,395)
Interest paid on capital debt	(12,909,269)
Interest received on capital asset-related debt	896,259
Net cash flows from capital financing activities	154,918,597
Cash Flows from Investing Activities	
Change in fair market value of cash in county treasury	7,268
Purchase of investments	(25,996)
Interest received from investments	11,037,697
Net cash flows from investing activities	11,018,969
Change In Cash and Cash Equivalents	201,089,323
Cash and Cash Equivalents, Beginning of Year	390,208,898
Cash and Cash Equivalents, End of Year	$ 591,298,221

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (323,439,009)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	13,920,085
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	7,271,907
Student receivables	(2,505,271)
Inventories	55,657
Lease receivables	73,097
Deferred outflows of resources related to OPEB	7,099,216
Deferred outflows of resources related to pensions	(26,288,769)
Accounts payable	(11,407,271)
Unearned revenue	39,230,100
Compensated absences and load banking	1,568,279
Supplemental early retirement plan	(1,795,564)
Claims payable	(110,388)
Aggregate net OPEB liability	(13,315,344)
Aggregate net pension liability	88,540,136
Deferred inflows of resources related to leases	(96,551)
Deferred inflows of resources related to OPEB	5,370,504
Deferred inflows of resources related to pensions	(75,383,394)
Total adjustments	32,226,429
Net cash flows from operating activities	$ (291,212,580)
Cash and Cash Equivalents Consist of the Following	
Cash in banks	$ 21,080,537
Cash in county treasury	570,217,684
Total cash and cash equivalents	$ 591,298,221
Noncash Transactions	
Amortization of debt premiums	$ 830,867
Accretion of interest on capital appreciation bonds	$ 4,059,727
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	$ 536,234

	Retiree OPEB Trust
Assets	
Investments	$ 127,566,985
Liabilities	
Due to primary government	3,000,000
Net Position	
Restricted for postemployment benefits other than pensions	$ 124,566,985

	Retiree OPEB Trust
Additions	
District contributions	$ 6,919,805
Interest and investment income	4,983,139
Net realized and unrealized gains	5,485,731
Total additions	17,388,675
Deductions	
Benefit payments	5,350,754
Administrative expenses	419,221
Total deductions	5,769,975
Change in Net Position	11,618,700
Net Position - Beginning of Year	112,948,285
Net Position - End of Year	$ 124,566,985

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, 2023.

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.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District's capitalization policy includes all items with a total contract cost of $5,000 or more. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the lesser of the subscription term or useful life of the underlying asset.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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 $154,751,928 of restricted net position, and the fiduciary funds financial statements report $124,566,985 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

Change in Accounting Principles

Implementation of GASB Statement No. 91

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

Implementation of GASB Statement No. 94

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

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. 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 are included in Notes 7 and 8.

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, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 20,806,584	$ -
Cash in revolving	273,953	-
Investments - Cash in county treasury	570,217,684	-
Investments - Other	1,930,738	127,566,985
Total deposits and investments	$ 593,228,959	$ 127,566,985

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	$ 127,566,985	No maturity	Not rated
Money market funds	252,446	No maturity	Not rated
Certificates of deposit	1,678,292	503	Not rated
Orange County educational investment pool	570,217,684	225	AAAm
Total	$ 699,715,407		

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, 2023, the District's bank balance of approximately $11.6 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, 2023, the District's investment balance of approximately $127.0 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, 2023:

		Fair Value Measurements Using	
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs
Mutual funds	$ 127,566,985	$ 127,566,985	$ -
Money market funds	252,446	252,446	-
Certificates of deposit	1,678,292	-	1,678,292
Total	$ 129,497,723	$ 127,819,431	$ 1,678,292

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

Note 5 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	$ 7,199,847
State Government	
Apportionment	28,420,910
Categorical aid	984,424
Lottery	2,145,264
Other state sources	569,122
Local Sources	
Interest	1,805,964
Other local sources	4,829,626
Total	$ 45,955,157
Student receivables	$ 6,846,560

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, 2022	Additions	Deductions	Balance, June 30, 2023
Cell Tower Leases	$ 976,952	$ -	$ (73,097)	$ 903,855

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 $28,158 in interest revenue related to these agreements. At June 30, 2023, the District recorded $903,855 in lease receivables and $870,371 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 and Right-to-use Subscription IT Assets

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

	July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 19,280,372	$ -	$ -	$ 19,280,372
Construction in progress	210,679,512	20,601,311	(97,889,235)	133,391,588
Total capital assets not being depreciated	229,959,884	20,601,311	(97,889,235)	152,671,960
Capital Assets Being Depreciated				
Land improvements	8,063,012	1,829,791	-	9,892,803
Buildings and improvements	536,057,230	95,970,233	-	632,027,463
Furniture and equipment	31,102,570	918,972	(727,205)	31,294,337
Total capital assets being depreciated	575,222,812	98,718,996	(727,205)	673,214,603
Total capital assets	805,182,696	119,320,307	(98,616,440)	825,886,563
Less Accumulated Depreciation				
Land improvements	(3,052,038)	(428,574)	-	(3,480,612)
Buildings and improvements	(203,954,362)	(10,982,163)	-	(214,936,525)
Furniture and equipment	(23,834,740)	(1,621,294)	684,441	(24,771,593)
Total accumulated depreciation	(230,841,140)	(13,032,031)	684,441	(243,188,730)
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	2,028,806	589,266	-	2,618,072
Accumulated amortization	-	(888,054)	-	(888,054)
Net right-to-use subscription IT assets	2,028,806	(298,788)	-	1,730,018
Total capital and right-to-use subscription IT assets, net	$ 576,370,362	$ 105,989,488	$ (97,931,999)	$ 584,427,851

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, 2023 consisted of the following:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 257,881,556	$ 154,059,727	$ (39,820,000)	$ 372,121,283	$ 39,165,000
Bond premium	14,657,471	3,028,405	(830,867)	16,855,009	-
Subscription-based IT arrangements	1,691,390	536,234	(775,395)	1,452,229	881,341
Compensated absences and load banking	15,316,673	1,568,279	-	16,884,952	4,883,563
Supplemental early retirement incentive	1,795,564	-	(1,795,564)	-	-
Claim liabilities	2,866,385	104,926	(215,314)	2,755,997	-
Total	$ 294,209,039	$ 159,297,571	$ (43,437,140)	$ 410,069,470	$ 44,929,904

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. Payments for subscription-based IT arrangements will be made by the fund for which the software was intended. 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, 2023, was $73,861,283.

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, 2023, was $12,905,000.

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, 2023, was $35,100,000.

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, 2023, was $100,255,000.

2022C General Obligation Bonds

On September 22, 2022, $150,000,000 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. The outstanding principal balance of these bonds at June 30, 2023, was $150,000,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2022	Issued	Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2023
2003	2029	2.00% - 5.44%	$ 99,999,001	$ 78,541,556	$ -	$ 4,059,727	$ (8,740,000)	$ 73,861,283
2013	2024	0.40% - 2.65%	145,910,000	28,370,000	-	-	(15,465,000)	12,905,000
2016	2041	2.00% - 4.00%	100,000,000	35,845,000	-	-	(745,000)	35,100,000
2019	2045	2.63% - 4.00%	150,000,000	115,125,000	-	-	(14,870,000)	100,255,000
2022	2048	4.00% - 5.00%	150,000,000	-	150,000,000	-	-	150,000,000
				$ 257,881,556	$ 150,000,000	$ 4,059,727	$ (39,820,000)	$ 372,121,283

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2024	$ 38,931,071	$ 233,929	$ 11,060,521	$ 50,225,521
2025	21,947,416	717,584	10,149,376	32,814,376
2026	22,983,709	1,216,291	9,480,826	33,680,826
2027	11,363,390	1,721,610	9,072,476	22,157,476
2028	23,125,793	5,389,207	8,945,276	37,460,276
2029-2033	46,144,904	6,770,096	42,203,491	95,118,491
2034-2038	44,975,000	-	35,426,950	80,401,950
2039-2043	66,400,000	-	25,866,523	92,266,523
2044-2048	96,250,000	-	10,177,400	106,427,400
Total	$ 372,121,283	$ 16,048,717	$ 162,382,839	$ 550,552,839

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

Subscriptions-based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of $1,730,018 and a SBITA liability of $1,452,229 related to this agreement. Under the terms of the SBITAs, the District makes payments ranging from $6,935 to $109,852 annually, which amounted to total principal and interest costs of $816,266 for the year ending June 30, 2023. During the fiscal year, the District recorded $888,054 in amortization expense and $40,871 in interest expense for the SBITAs. The District used discount rate of 3% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 881,341	$ 24,342	$ 905,683
2025	520,194	6,245	526,439
2026	24,581	934	25,515
2027	26,113	168	26,281
Total	$ 1,452,229	$ 31,689	$ 1,483,918

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 was paid in full as of June 30, 2023.

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

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 749,588	$ 16,178,756	$ 10,234,369	$ (627,251)
Medicare Premium Payment (MPP) Program	716,679	-	-	(218,373)
Total	$ 1,466,267	$ 16,178,756	$ 10,234,369	$ (845,624)

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, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	991
Active employees	1,356
Total	2,347

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, 2023, the District contributed $6,919,805 to the Plan, of which $5,350,754 was used for current premiums and $1,569,051 was used to fund 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, 2023:

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, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 8.14%. 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 $749,588 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	$ 125,316,573
Plan fiduciary net position	(124,566,985)
Net OPEB liability	$ 749,588
Plan fiduciary net position as a percentage of the total OPEB liability	99.40%

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, 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% funding through the Trust, using the building block method.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 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, 2023 valuation were based on the results of an actual experience study as of June 2023.

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, 2023, (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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022	$ 126,794,844	$ 112,948,285	$ 13,846,559
Service cost	2,931,568	-	2,931,568
Interest	7,849,078	-	7,849,078
Difference between expected and actual experience	(7,468,329)	-	(7,468,329)
Contributions - employer	-	6,919,805	(6,919,805)
Expected investment income	-	7,188,950	(7,188,950)
Differences between projected and actual earnings on OPEB plan investments	-	3,279,920	(3,279,920)
Changes of assumptions	560,166	-	560,166
Benefit payments	(5,350,754)	(5,350,754)	-
Administrative expense	-	(419,221)	419,221
Net change in total OPEB liability	(1,478,271)	11,618,700	(13,096,971)
Balance, June 30, 2023	$ 125,316,573	$ 124,566,985	$ 749,588

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%)	$ 17,612,598
Current discount rate (6.25%)	749,588
1% increase (7.25%)	(13,137,080)

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%)	$ (15,231,205)
Current healthcare cost trend rate (4.00%)	749,588
1% increase (5.00%)	20,668,811

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 149,702	$ 10,234,369
Changes of assumptions	5,584,881	-
Net difference between projected and actual earnings on OPEB plan investments	10,444,173	-
Total	$ 16,178,756	$ 10,234,369

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	$ 2,507,149
2024	2,004,184
2025	6,588,824
2026	(655,984)
Total	$ 10,444,173

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (536,378)
2024	(536,378)
2025	(536,378)
2026	(877,732)
2027	(945,575)
Thereafter	(1,067,345)
Total	$ (4,499,786)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $716,679 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.2176% and 0.2344%, respectively, resulting in a net decrease in the proportionate share of 0.0168%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(218,373).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability 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, using the assumptions listed in the following table:

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

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 781,318
Current discount rate (3.54%)	716,679
1% increase (4.54%)	660,710

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 657,580
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	716,679
1% increase (5.50% Part A and 6.40% Part B)	783,672

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, 2023 and 2022, liabilities for claims amounted to $2,755,997 and $2,866,385, respectively. Changes in the claims liability amount in the fiscal years 2023 and 2022 are presented below:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 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
Claims and changes in estimates	-	104,926	104,926
Claims payments	-	(215,314)	(215,314)
Liability Balance, June 30, 2023	$ 1,287,168	$ 1,468,829	$ 2,755,997
Assets available to pay claims at June 30, 2023			$ 28,188,987

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, 2023, 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	$ 100,730,774	$ 30,167,260	$ 24,774,865	$ 7,841,091
CalPERS	147,995,531	48,946,142	6,173,729	16,961,068
Total	$ 248,726,305	$ 79,113,402	$ 30,948,594	$ 24,802,159

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $19,225,943.

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

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

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 100,730,774
State's proportionate share of net pension liability associated with the District	50,445,578
Total	$ 151,176,352

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1450% and 0.1560%, respectively, resulting in a net decrease in the proportionate share of 0.0110%.

For the year ended June 30, 2023, the District recognized pension expense of $7,841,091. In addition, the District recognized pension expense and revenue of $4,068,403 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 19,225,943	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,863,173	12,296,229
Differences between projected and actual earnings on pension plan investments	-	4,925,930
Differences between expected and actual experience in the measurement of the total pension liability	82,630	7,552,706
Changes of assumptions	4,995,514	-
Total	$ 30,167,260	$ 24,774,865

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (3,618,461)
2025	(3,919,990)
2026	(5,888,623)
2027	8,501,144
Total	$ (4,925,930)

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
2024	$ 1,416,824
2025	(2,564,503)
2026	(2,831,432)
2027	(1,113,695)
2028	(2,127,470)
Thereafter	(1,687,342)
Total	$ (8,907,618)

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Expected Real 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%)	$ 171,078,216
Current discount rate (7.10%)	100,730,774
1% increase (8.10%)	42,321,248

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, 2021, 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, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

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, 2023, are presented above, and the total District contributions were $18,708,243.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $147,995,531. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.4301% and 0.4387%, respectively, resulting in a net decrease in the proportionate share of 0.0086%.

For the year ended June 30, 2023, the District recognized pension expense of $16,961,068. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 18,708,243	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,146,932	2,491,411
Differences between projected and actual earnings on pension plan investments	17,474,246	-
Differences between expected and actual experience in the measurement of the total pension liability	668,853	3,682,318
Changes of assumptions	10,947,868	-
Total	$ 48,946,142	$ 6,173,729

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,914,148
2025	2,584,649
2026	1,320,270
2027	10,655,179
Total	$ 17,474,246

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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,704,986
2025	2,445,004
2026	1,622,274
2027	(182,340)
Total	$ 6,589,924

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, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 213,787,038
Current discount rate (6.90%)	147,995,531
1% increase (7.90%)	93,621,268

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $8,092,519 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 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, 2023.

Litigation

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

Construction Commitments

As of June 30, 2023, the District had approximately $15.6 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 Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Primary Government	
Net Position - Beginning	$ 426,818,554
Right-to-use subscription IT assets, net of amortization	2,028,806
Subscription IT arrangements	(1,691,390)
Net Position - Beginning, as Restated	$ 427,155,970

Required Supplementary Information
June 30, 2023

North Orange County Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 2,931,568	$ 3,097,828	$ 2,550,658
Interest	7,849,078	7,521,275	7,501,494
Difference between expected and actual experience	(7,468,329)	208,410	(3,714,831)
Changes of assumptions	560,166	-	3,576,747
Benefit payments	(5,350,754)	(5,439,906)	(5,278,202)
Net change in total OPEB liability	(1,478,271)	5,387,607	4,635,866
Total OPEB Liability - Beginning	126,794,844	121,407,237	116,771,371
Total OPEB Liability - Ending (a)	$ 125,316,573	$ 126,794,844	$ 121,407,237
Plan Fiduciary Net Position			
Contributions - employer	$ 6,919,805	$ 3,962,305	$ 6,697,527
Expected investment income	7,188,950	8,920,194	7,107,044
Differences between projected and actual earnings on OPEB plan investments	3,279,920	(36,224,040)	22,923,216
Benefit payments	(5,350,754)	(5,439,906)	(5,278,202)
Administrative expense	(419,221)	(464,351)	(426,969)
Net change in plan fiduciary net position	11,618,700	(29,245,798)	31,022,616
Plan Fiduciary Net Position - Beginning	112,948,285	142,194,083	111,171,467
Plan Fiduciary Net Position - Ending (b)	$ 124,566,985	$ 112,948,285	$ 142,194,083
Net OPEB Liability (Asset) - Ending (a) - (b)	$ 749,588	$ 13,846,559	$ (20,786,846)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	99.40%	89.08%	117.12%
Covered Employee Payroll	$ 174,400,983	$ 155,397,686	$ 152,030,747
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	0.43%	8.91%	-13.67%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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

North Orange County Community College District

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios
Year Ended June 30, 2023

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 3,059,846	$ 3,100,787	$ 2,792,913
Interest	7,006,914	6,713,723	6,431,647
Difference between expected and actual experience	(3,763,659)	-	-
Changes of assumptions	6,835,881	-	-
Benefit payments	(5,272,744)	(5,294,051)	(4,865,894)
Net change in total OPEB liability	7,866,238	4,520,459	4,358,666
Total OPEB Liability - Beginning	108,905,133	104,384,674	100,026,008
Total OPEB Liability - Ending (a)	$ 116,771,371	$ 108,905,133	$ 104,384,674
Plan Fiduciary Net Position			
Contributions - employer	$ 7,601,257	$ 9,652,804	$ 8,346,685
Expected investment income	6,808,169	6,376,959	6,387,641
Differences between projected and actual earnings on OPEB plan investments	(2,514,853)	(1,554,328)	-
Benefit payments	(5,272,744)	(5,294,051)	(4,865,894)
Administrative expense	(382,846)	(353,179)	(342,392)
Net change in plan fiduciary net position	6,238,983	8,828,205	9,526,040
Plan Fiduciary Net Position - Beginning	104,932,484	96,104,279	86,578,239
Plan Fiduciary Net Position - Ending (b)	$ 111,171,467	$ 104,932,484	$ 96,104,279
Net OPEB Liability (Asset) - Ending (a) - (b)	$ 5,599,904	$ 3,972,649	$ 8,280,395
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.20%	96.35%	92.07%
Covered Employee Payroll	$ 149,106,869	$ 140,501,970	$ 145,864,293
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	3.76%	2.83%	5.68%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	8.14%	-19.33%	26.44%	3.78%	5.00%	7.22%
Measurement Date	June 30, 2023	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,	2023	2022	2021
Proportion of the net OPEB liability	0.2176%	0.2344%	0.2650%
Proportionate share of the net OPEB liability	$ 716,679	$ 935,052	$ 1,122,860
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.2546%	0.2807%	0.2785%
Proportionate share of the net OPEB liability	$ 948,003	$ 1,074,402	$ 1,171,698
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1450%	0.1560%	0.1521%	0.1439%	0.1564%
Proportionate share of the net pension liability	$ 100,730,774	$ 70,972,966	$ 147,360,884	$ 129,968,324	$ 143,727,367
State's proportionate share of the net pension liability associated with the District	50,445,578	35,710,844	75,964,553	70,906,397	82,290,640
Total	$ 151,176,352	$ 106,683,810	$ 223,325,437	$ 200,874,721	$ 226,018,007
Covered payroll	$ 91,263,138	$ 89,074,916	$ 87,572,895	$ 82,950,043	$ 87,329,002
Proportionate share of the net pension liability as a percentage of its covered payroll	110.37%	79.68%	168.27%	156.68%	164.58%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.4301%	0.4387%	0.4309%	0.4209%	0.4478%
Proportionate share of the net pension liability	$ 147,995,531	$ 89,213,203	$ 132,200,039	$ 122,680,134	$ 119,407,301
Covered payroll	$ 64,134,548	$ 62,955,831	$ 61,533,974	$ 57,551,927	$ 58,535,291
Proportionate share of the net pension liability as a percentage of its covered payroll	230.76%	141.71%	214.84%	213.16%	203.99%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.1538%	0.1561%	0.1495%	0.1590%
Proportionate share of the net pension liability	$ 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	84,163,523	71,862,687	53,243,846	56,106,831
Total	$ 226,429,792	$ 198,096,551	$ 153,914,816	$ 149,023,061
Covered payroll	$ 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	168.87%	158.63%	142.15%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.4401%	0.4350%	0.4304%	0.4088%
Proportionate share of the net pension liability	$ 105,057,688	$ 85,920,879	$ 63,443,575	$ 46,408,766
Covered payroll	$ 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	190.28%	170.87%	135.38%	107.91%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 19,225,943	$ 15,441,723	$ 14,385,599	$ 14,974,965	$ 13,504,267
Contributions in relation to the contractually required contribution	(19,225,943)	(15,441,723)	(14,385,599)	(14,974,965)	(13,504,267)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 100,659,387	$ 91,263,138	$ 89,074,916	$ 87,572,895	$ 82,950,043
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 18,708,243	$ 14,693,225	$ 13,031,857	$ 12,135,115	$ 10,395,029
Contributions in relation to the contractually required contribution	(18,708,243)	(14,693,225)	(13,031,857)	(12,135,115)	(10,395,029)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 73,741,596	$ 64,134,548	$ 62,955,831	$ 61,533,974	$ 57,551,927
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 12,601,575	$ 10,597,873	$ 8,538,491	$ 6,289,029
Contributions in relation to the contractually required contribution	(12,601,575)	(10,597,873)	(8,538,491)	(6,289,029)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 87,329,002	$ 84,243,824	$ 79,575,871	$ 70,822,399
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 9,091,116	$ 7,667,681	$ 5,957,101	$ 5,516,146
Contributions in relation to the contractually required contribution	(9,091,116)	(7,667,681)	(5,957,101)	(5,516,146)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,535,291	$ 55,210,837	$ 50,283,625	$ 46,862,170
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Notes 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), 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 2.16% to 3.54% since the previous valuation.

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

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

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

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, 2023

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, 2023

Member	Office	Term Expires
Ed Lopez	President	2024
Evangelina Rosales	Vice President	2024
Jeffrey P. Brown	Secretary	2026
Ryan Bent	Member	2024
Stephen T. Blount	Member	2026
Dr. Barbara Dunsheath	Member	2026
Jacqueline Rodarte	Member	2024
Jesus Ramirez, Jr.	Student Trustee, Cypress College	2023
Chloe Serrano	Student Trustee, Fullerton College	2023

Administration as of June 30, 2023

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. Cynthia Olivo	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	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 43,055,678
Federal Pell Grant Program Administrative Allowance	84.063		57,779
Federal Direct Student Loans	84.268		4,329,686
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		958,078
FSEOG Administrative Allowance	84.007		7,648
Federal Work-Study Program	84.033		559,790
Federal Work-Study Program Administrative Allowance	84.033		67,317
Subtotal Student Financial Assistance Cluster			49,035,976
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		3,002,901
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		13,475,328
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		1,248,288
Subtotal			17,726,517
Center of Excellence for Veteran Student Services	84.116G		203,908
Child Care Access Means Parents in School (CCAMPIS)	84.335A		52,392
Promise Career Pathways	84.031S		1,128,659
Passed through California State University Fullerton Auxiliary Services Corporation			
Project Raise: Regional Alliance in STEM Education	84.031C	P031C210118	24,520
Project Raise: Regional Alliance in STEM Education	84.031C	P031C160152	37,077
Subtotal			1,190,256
Passed through California Department of Education			
Adult Education and Family Literacy Act (AEFLA)	84.002A	V002A180005	1,219,835
English Literacy and Civics Education (EL Civics)	84.002A	V002A180005	184,505
Subtotal			1,404,340
Passed through California Department of Rehabilitation			
College to Career Program	84.126A	30494	290,000
Workability II Program	84.126A	32056	393,137
Subtotal			683,137
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-860	2,211,339
Total U.S. Department of Education			72,507,865

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	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	$ 13,183
U.S. Department of Transportation			
Aviation Maintenance Technical Workforce Grant Program	20.112		250,000
Passed through Orange County Transportation Authority			
Job Access - Reverse Commute	20.516	CA-37-X113	41,159
Total U.S. Department of Transportation			291,159
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]	4,359,712
Research and Development Cluster			
National Aeronautics and Space Administration			
National Space Grant College and Fellowship Program	43.008		8,883
National Science Foundation			
NSF Harnessing Date Revolution	47.070		32,225
Passed through Rancho Santiago Community College District			
Advanced Technological Education Grant	47.076	15-1621.01	15,412
U.S. Department of Energy			
Pass through the Regents of the University of California			
Sustainable Manufacturing Alliances for Research and Trainging Industry Assessment Center (SMART-IAC)	81.117	DE-EE0009726	51,724
Subtotal Research and Development Cluster			108,244
U.S. Department of Veterans Affairs			
Veterans Services	64.117		11,181
U.S. Department of Health and Human Services			
Passed through California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
COVID-19: Child Development CRRSA One-time Stipend	93.575	15555	6,000
Subtotal CCDF Cluster			6,000
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	124,244
Passed through from California State University of Fullerton Auxiliary Services Corporation			
Health Careers Opportunity Program	93.822	1D18HP32119	64,816
Total U.S. Department of Health and Human Services			195,060
Total Federal Financial Assistance			$ 77,486,404

[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	$ 171,526	$ -	$ 2,462	$ -	$ 169,064	$ 169,064
Asian American, Native Hawaiian, and Pacific Islander (AANHPI)	301,394	-	-	301,394	-	-
Basic Needs Centers and Staffing Support	1,737,838	-	-	1,386,217	351,621	351,621
Board Financial Assistance Program (BFAP)	1,610,144	-		206,529	1,403,615	1,403,615
CAEP TAP	-	34,428	-	-	34,428	34,428
Calculus: A New Equitable Direction	25,000	1,920	-	-	26,920	26,920
CalFresh Outreach	22,671	-	-	166	22,505	22,505
California Adult Education Program (CAEP)	5,929,197	-	-	1,515,966	4,413,231	4,413,231
California College Promise	3,568,617	-	-	938,918	2,629,699	2,629,699
CalWORKs	1,193,433	-	-	178,148	1,015,285	1,015,285
Campus Safety and Sexual Assault Prevention	26,156	-	-	21,176	4,980	4,980
Career Technical Education Data Unlocked Initiative	38,360	-	-	28,960	9,400	9,400
CCAP STEM Pathways Academy Grant	341,032	50,053	-	-	391,085	391,085
Child Development Training Consortium	27,600	-	-	-	27,600	27,600
Classified Professional Development	119,489	-	-	118,280	1,209	1,209
CCAP Instructional Materials for Dual Enrollment	95,553	-	-	39,064	56,489	56,489
Cooperative Agencies Resources for Education (CARE)	762,120	-	-	118,354	643,766	643,766
COVID-19 Recovery Block Grant	17,883,887	-	-	17,504,943	378,944	378,944
Culturally Competent Faculty Professional Development	250,870	-	-	233,334	17,536	17,536
DDS Employment Grant - Orange County Business Partner Interm	-	7,464	-	-	7,464	7,464
Disabled Students Programs and Services (DSPS)	4,664,756	-	-	929,720	3,735,036	3,735,036
Dream Resource Liaison Support	531,541	-	-	315,379	216,162	216,162
Drone Pilot Apprenticeship Grant	-	127,241	-	-	127,241	127,241
EEO Best Practices	208,333	-	-	165,445	42,888	42,888

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Employer Engagement Funds	$ 145,723	$ 139,022	$ -	$ -	$ 284,745	$ 284,745
Equal Employment Opportunities	266,900	-	-	154,730	112,170	112,170
Extended Opportunity Programs and Services (EOPS)	4,371,278	-	-	187,623	4,183,655	4,183,655
Financial Aid and Basic Needs Community of Practice (ComP) Stipend	50,000	-	-	50,000	-	-
Financial Aid Technology	179,631	-	-	131,206	48,425	48,425
General Child Care	188,379	17,275	-	-	205,654	205,654
Google IT Support Pre-Apprentice	-	1,434	-	-	1,434	1,434
GSETGP Admin Allowance	800	-	-	800	-	-
Guided Pathways	1,726,507	-	-	899,932	826,575	826,575
Innovation & Effectivenes Grant	199,812	-	-	193,630	6,182	6,182
Learning-Aligned Employment Program (LAEP)	8,189,869	-	-	8,188,833	1,036	1,036
LGBTQ+	264,476	-	-	232,493	31,983	31,983
Library Services Platform	30,227	-	-	30,227	-	-
Local and Systemwide Technology and Data Security	300,000	-	-	300,000	-	-
Mental Health Support	1,543,512	-	-	852,593	690,919	690,919
NextUp	487,284	-	-	487,284	-	-
Puente Program - Participant Site Award	125,000	-	-	113,484	11,516	11,516
Puente Project	21,874	-	-	8,318	13,556	13,556
QRIS Block Grant	20,024	-	-	18,757	1,267	1,267
Referee and Lane Technician	12,000	-	-	-	12,000	12,000
Regional Equity and Recovery Partnerships (RERP)	56,108	-	-	56,108	-	-
Rising Scholars Network	205,375	-	-	70,482	134,893	134,893
Strong Workforce - Regional	832,372	605,587	-	-	1,437,959	1,437,959
Strong Workforce Initative - Local	8,577,022	-	-	5,199,065	3,377,957	3,377,957
Student Equity and Achievement Program (SEA)	16,864,155	-	1	3,739,757	13,124,397	13,124,397

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Student Food and Housing Support	$ 1,372,119	$ -	$ -	$ 1,372,119	$ -	$ -
Student Retention and Enrollment	5,384,694	-	-	4,331,057	1,053,637	1,053,637
Systemwide Technology and Data Security	150,000	-	-	150,000	-	-
Telecom. Technology Infrastructure Program (TTIP)	2,562	-	-	-	2,562	2,562
Umoja Community Education Foundation-Umoja Program Funds	22,000	-	-	20,375	1,625	1,625
Veterans Resource Center (VRC) Grant	115,575	-	-	-	115,575	115,575
Veterans Resource Center Student Services	479,787	-	-	194,713	285,074	285,074
Welding Program Improvement Grant	709,218	-	-	707,203	2,015	2,015
Wellness Vending Machines Pilot Program	15,000	-	-	15,000	-	-
Work Independence Self-Advocacy Education	568,656	-	-	-	568,656	568,656
Zero Textbook Cost (ZTC) Program	400,000	-	-	375,290	24,710	24,710
Total state programs	$ 93,387,456	$ 984,424	$ 2,463	$ 52,083,072	$ 42,286,345	$ 42,286,345

See Notes to Supplementary Information

CATEGORIES	Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	293.54	-	293.54
2. Credit	2,129.31	-	2,129.31
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,901.31	-	10,901.31
(b) Daily Census Contact Hours	726.32	-	726.32
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	1,905.14	-	1,905.14
(b) Credit	316.55	-	316.55
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	7,119.15	-	7,119.15
(b) Daily Census Procedure Courses	2,297.18	-	2,297.18
(c) Noncredit Independent Study/Distance Education Courses	877.18	-	877.18
D. Total FTES	26,565.68	-	26,565.68
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	1,474.23	-	1,474.23
2. Credit	23.74	-	23.74
CCFS-320 Addendum			
CDCP Noncredit FTES	1,876.44	-	1,876.44
Centers FTES			
1. Noncredit*	2,966.71	-	2,966.71
2. Credit	-	-	-

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of November 6, 2023.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 53,168,459	$ -	$ 53,168,459	$ 53,168,459	$ -	$ 53,168,459
Other	1300	29,056,270	-	29,056,270	29,056,270	-	29,056,270
Total Instructional Salaries		82,224,729	-	82,224,729	82,224,729	-	82,224,729
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	22,473,301	-	22,473,301
Other	1400	-	-	-	1,135,434	-	1,135,434
Total Noninstructional Salaries		-	-	-	23,608,735	-	23,608,735
Total Academic Salaries		82,224,729	-	82,224,729	105,833,464	-	105,833,464
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	45,572,032	-	45,572,032
Other	2300	-	-	-	3,401,298	-	3,401,298
Total Noninstructional Salaries		-	-	-	48,973,330	-	48,973,330
Instructional Aides							
Regular Status	2200	4,872,569	-	4,872,569	4,872,569	-	4,872,569
Other	2400	371,073	-	371,073	371,073	-	371,073
Total Instructional Aides		5,243,642	-	5,243,642	5,243,642	-	5,243,642
Total Classified Salaries		5,243,642	-	5,243,642	54,216,972	-	54,216,972
Employee Benefits	3000	33,585,882	-	33,585,882	69,394,511	-	69,394,511
Supplies and Material	4000	-	-	-	2,316,983	-	2,316,983
Other Operating Expenses	5000	-	-	-	16,997,644	-	16,997,644
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		121,054,253	-	121,054,253	248,759,574	-	248,759,574

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 2,358,855	$ -	$ 2,358,855	$ 2,358,855	$ -	$ 2,358,855
Student Health Services Above Amount Collected	6441	-	-	-	16,005	-	16,005
Student Transportation	6491	-	-	-	108,185	-	108,185
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	2,991,899	-	2,991,899
Objects to Exclude							
Rents and Leases	5060	-	-	-	265,562	-	265,562
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	$ -	$ -	$ -	$ 7,605,650	$ -	$ 7,605,650
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,358,855	-	2,358,855	13,346,156	-	13,346,156
Total for ECS 84362, 50 Percent Law		$118,695,398	$ -	$118,695,398	$235,413,418	$ -	$235,413,418
Percent of CEE (Instructional Salary Cost/ Total CEE)		50.42%		50.42%	100.00%		100.00%
50% of Current Expense of Education					$117,706,709		$117,706,709

See Notes to Supplementary Information

Activity Classification	Object Code			Unrestricted
EPA Revenue:	8630			$ 26,518,087
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 26,518,087	$ -	$ -	$ 26,518,087
Total Expenditures for EPA		$ 26,518,087	$ -	$ -	$ 26,518,087
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	$ 141,583,100	
Special Revenue Funds	21,583,413	
Capital Project Funds	275,554,592	
Debt Service Funds	49,177,555	
Internal Service Funds	25,432,990	
Fiduciary Funds	124,566,985	
Total fund balance - all District funds		$ 637,898,635
Amounts held in trust on behalf of others (Retiree OPEB Trust)		(124,566,985)
Capital and right-to-use subscription IT 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	825,886,563	
Accumulated depreciation is	(243,188,730)	
The cost of right-to-use subscription IT assets is	2,618,072	
Accumulated amortization is	(888,054)	
Total capital and right-to-use subscription IT assets, net		584,427,851
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	16,178,756	
Deferred outflows of resources related to pensions	79,113,402	
Total deferred outflows of resources		95,292,158
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.		(4,854,777)

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	$ (340,433,776)	
Compensated absences and load banking, less current portion already recorded in the funds	(12,001,389)	
Subscription-based IT arrangements	(1,452,229)	
Aggregate net OPEB liability	(1,466,267)	
Aggregate net pension liability	(248,726,305)	
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		$ (652,622,482)
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	(10,234,369)	
Deferred inflows of resources related to pensions	(30,948,594)	
Total deferred inflows of resources		(41,182,963)
Total net position		$ 494,391,437

	(Budget[1]) 2024		2023		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
General Fund								
Revenues								
Federal	$ 11,259,731	2.8	$ 21,725,489	6.2	$ 33,702,889	10.0	$ 34,951,201	10.9
State	254,677,075	62.7	178,857,703	50.9	169,188,345	50.3	157,481,774	49.0
Local	140,079,326	34.5	150,677,851	42.9	133,790,207	39.7	128,981,891	40.1
Total revenues	406,016,132	100.0	351,261,043	100.0	336,681,441	100.0	321,414,866	100.0
Expenditures								
Academic salaries	121,374,263	27.1	118,264,834	34.6	112,078,399	35.4	114,359,161	37.7
Classified salaries	89,904,486	20.0	77,098,447	22.6	75,672,921	23.9	69,167,532	22.8
Employee benefits	82,162,627	18.3	80,800,618	23.7	71,202,436	22.5	65,136,366	21.5
Supplies and materials	20,786,734	4.6	5,775,738	1.7	4,694,165	1.5	4,524,049	1.5
Other operating expenses	92,190,452	20.5	33,985,251	10.0	29,132,212	9.2	22,593,520	7.4
Capital outlay	25,832,585	5.8	9,228,759	2.7	13,703,004	4.3	6,293,191	2.0
Student financial aid	6,543,718	1.5	4,008,121	1.2	4,563,986	1.4	10,256,618	3.4
Interfund transfers, net	10,029,967	2.2	11,444,989	3.4	5,713,311	1.8	11,178,881	3.7
Other sources and uses, net	64,469	0.0	331,089	0.1	63,425	0.0	50,737	0.0
Total expenditures and other uses	448,889,301	100.0	340,937,846	100.0	316,823,859	100.0	303,560,055	100.0
Increase (Decrease) in Fund Balance	$ (42,873,169)	(9.6)	$ 10,323,197	3.0	$ 19,857,582	6.3	$ 17,854,811	5.9
Ending Fund Balance	$ 98,709,931	22.0	$ 141,583,100	41.5	$ 131,259,903	41.4	$ 111,402,321	36.7
Full-Time Equivalent Students	26,611.33		26,565.68		26,071.85		31,842.56	
Total long-term liabilities, including retiree benefit liability [2]	N/A		$ 660,262,042		$ 469,176,819		$ 612,909,712	

[1] The year 2023 General Fund budget was adopted by the Board on September 12, 2023. The budget is included for analytical purposes and has not been subjected to audit.
[2] Long-term liabilities for the year ending June 30, 2021 were not restated for the implementation of GASB Statement No. 96.

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Expenditures of Federal Awards

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, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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 District 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, 2023

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 (*Government Auditing Standards)*, 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

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

In our opinion, North Orange County Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

EideBailly

CPAs & BUSINESS ADVISORS

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 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2023.

Opinion

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

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

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

The District reports no 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 State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

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 Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$2,324,592
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

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

Additional Supplementary Information
June 30, 2023

North Orange County Community College District

North Orange County Community College District
Governmental Funds
Balance Sheet
June 30, 2023

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
Assets							
Cash and cash equivalents	$ 141,193	$ 5,256,968	$ 2,560,102	$ -	$ -	$ 1,932,864	$ -
Investments	196,260,331	-	-	127,466	48,919,973	84,394,799	201,491,437
Accounts receivable	40,270,783	510	-	69,903	257,582	1,347,763	627,617
Student receivables	60,869	65,133	-	-	-	-	-
Due from other funds	9,275,247	-	-	119,518	-	177	-
Inventories	50,134	160,866	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-
Lease receivables	903,855	-	-	-	-	-	-
Total assets	$ 246,962,412	$ 5,483,477	$ 2,560,102	$ 316,887	$ 49,177,555	$ 87,675,603	$ 202,119,054
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 18,567,829	$ 98,752	$ -	$ 77,034	$ -	$ 13,341,871	$ 777,475
Due to other funds	10,132,693	-	-	118,020	-	119,801	918
Unearned revenue	75,808,419	-	-	18,757	-	-	-
Total liabilities	104,508,941	98,752	-	213,811	-	13,461,672	778,393
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	870,371	-	-	-	-	-	-
Fund Balances							
Nonspendable	200,134	160,866	-	-	-	-	-
Restricted	9,735,055	-	-	-	49,177,555	74,213,931	201,340,661
Assigned	84,492,380	5,223,859	2,560,102	103,076	-	-	-
Unassigned	47,155,531	-	-	-	-	-	-
Total fund balances	141,583,100	5,384,725	2,560,102	103,076	49,177,555	74,213,931	201,340,661
Total liabilities, deferred inflows of resources, and fund balances	$ 246,962,412	$ 5,483,477	$ 2,560,102	$ 316,887	$ 49,177,555	$ 87,675,603	$ 202,119,054

	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	$ 595,683	$ 199,539	$ 13,374	$ 44,729	$ -	$ 10,261,085	$ 21,005,537
Investments	452,339	-	13,806,633	-	6,896	4,992,319	550,452,193
Accounts receivable	1,173	-	714,732	19,001	21	2,571,602	45,880,687
Student receivables	7,945	10,941	1,586,452	6,492	-	5,108,728	6,846,560
Due from other funds	-	-	211,758	-	1,602,388	1,854,119	13,063,207
Inventories	-	-	-	-	-	-	211,000
Other current assets	-	-	-	-	-	500	500
Lease receivables	-	-	-	-	-	-	903,855
Total assets	$ 1,057,140	$ 210,480	$ 16,332,949	$ 70,222	$ 1,609,305	$ 24,788,353	$ 638,363,539
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 153,563	$ 26,480	$ 9,444,195	$ -	$ -	$ 1,040,747	$ 43,527,946
Due to other funds	90,403	-	260,618	-	-	5,685,486	16,407,939
Unearned revenue	-	-	6,578,136	-	-	7,253,311	89,658,623
Total liabilities	243,966	26,480	16,282,949	-	-	13,979,544	149,594,508
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	-	-	-	-	-	-	870,371
Fund Balances							
Nonspendable	-	-	-	-	-	-	361,000
Restricted	813,174	184,000	50,000	-	-	-	335,514,376
Assigned	-	-	-	70,222	1,609,305	-	94,058,944
Unassigned	-	-	-	-	-	10,808,809	57,964,340
Total fund balances	813,174	184,000	50,000	70,222	1,609,305	10,808,809	487,898,660
Total liabilities, deferred inflows of resources, and fund balances	$ 1,057,140	$ 210,480	$ 16,332,949	$ 70,222	$ 1,609,305	$ 24,788,353	$ 638,363,539

See Note to Additional Supplementary Information

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
Revenues							
Federal revenues	$ 21,725,489	$ -	$ -	$ 87,655	$ -	$ -	$ -
State revenues	178,857,703	-	-	206,921	214,051	8,570,553	-
Local revenues	150,677,851	114,554	263,172	397,456	49,239,095	7,098,584	3,872,925
Total revenues	351,261,043	114,554	263,172	692,032	49,453,146	15,669,137	3,872,925
Expenditures							
Current Expenditures							
Academic salaries	118,264,834	-	-	-	-	-	-
Classified salaries	77,098,447	-	-	568,390	-	820,460	-
Employee benefits	80,800,618	-	-	223,657	-	329,251	-
Books and supplies	5,775,738	2	-	20,212	-	62,390	87,740
Services and operating expenditures	33,985,251	1,534	-	139,985	-	2,188,258	907,029
Capital outlay	9,228,759	-	107,751	5,311	-	17,153,007	10,472,674
Debt service - principal	775,395	-	-	-	39,820,000	-	-
Debt service - interest and other	92,539	-	-	-	7,961,953	-	-
Total expenditures	326,021,581	1,536	107,751	957,555	47,781,953	20,553,366	11,467,443
Excess of Revenues Over (Under) Expenditures	25,239,462	113,018	155,421	(265,523)	1,671,193	(4,884,229)	(7,594,518)
Other Financing Sources (Uses)							
Operating transfers in	1,260,618	-	-	265,523	-	12,260,315	-
Operating transfers out	(12,705,607)	-	(172,400)	-	-	(1,000,000)	-
Other sources	536,845	-	-	-	3,028,405	-	150,000,000
Other uses	(4,008,121)	-	-	-	-	-	-
Total other financing sources (uses)	(14,916,265)	-	(172,400)	265,523	3,028,405	11,260,315	150,000,000
Net Change in Fund Balances	10,323,197	113,018	(16,979)	-	4,699,598	6,376,086	142,405,482
Fund Balances, Beginning of Year	131,259,903	5,271,707	2,577,081	103,076	44,477,957	67,837,845	58,935,179
Fund Balances, End of Year	$ 141,583,100	$ 5,384,725	$ 2,560,102	$ 103,076	$ 49,177,555	$ 74,213,931	$ 201,340,661

	Associated Students	Student Representation Fee	Student Financial Aid	CRPA Fund	Retiree Benefits	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
Revenues							
Federal revenues	$ -	$ -	$ 55,760,355	$ -	$ -	$ -	$ 77,573,499
State revenues	-	-	18,814,898	-	-	-	206,664,126
Local revenues	218,525	44,037	264,732	-	1,618,137	2,398,015	216,207,083
Total revenues	218,525	44,037	74,839,985	-	1,618,137	2,398,015	500,444,708
Expenditures							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	118,264,834
Classified salaries	167,932	-	-	-	-	-	78,655,229
Employee benefits	38,340	-	-	-	1,569,051	-	82,960,917
Books and supplies	32,719	-	-	-	-	15,365	5,994,166
Services and operating expenditures	70,116	28,136	4,115	-	428	1,493,295	38,818,147
Capital outlay	30,486	-	-	-	-	-	36,997,988
Debt service - principal	-	-	-	-	-	-	40,595,395
Debt service - interest and other	-	-	-	-	-	-	8,054,492
Total expenditures	339,593	28,136	4,115	-	1,569,479	1,508,660	410,341,168
Excess of Revenues Over (Under) Expenditures	(121,068)	15,901	74,835,870	-	48,658	889,355	90,103,540
Other Financing Sources (Uses)							
Operating transfers in	9,976	-	-	-	-	367,169	14,163,601
Operating transfers out	(15,000)	(9,976)	(260,618)	-	-	-	(14,163,601)
Other sources	-	-	-	-	-	-	153,565,250
Other uses	-	-	(74,575,252)	-	-	-	(78,583,373)
Total other financing sources (uses)	(5,024)	(9,976)	(74,835,870)	-	-	367,169	74,981,877
Net Change in Fund Balances	(126,092)	5,925	-	-	48,658	1,256,524	165,085,417
Fund Balances, Beginning of Year	939,266	178,075	50,000	70,222	1,560,647	9,552,285	322,813,243
Fund Balances, End of Year	$ 813,174	$ 184,000	$ 50,000	$ 70,222	$ 1,609,305	$ 10,808,809	$ 487,898,660

	Internal Service Fund
Assets	
Cash and cash equivalents	$ 75,000
Investments	21,696,229
Accounts receivable	74,470
Due from other funds	6,344,732
Total assets	$ 28,190,431
Liabilities and Fund Equity	
Liabilities	
Accounts payable	$ 1,444
Claim liabilities	2,755,997
Total liabilities	2,757,441
Fund Equity	
Retained earnings	25,432,990
Total liabilities and fund equity	$ 28,190,431

	Internal Service Fund
Operating Revenues	
Premium contributions	$ 6,338,818
Operating Expenses	
Classified salaries	279,438
Employee benefits	5,468,891
Services and other operating expenditures	3,167,712
Total operating expenses	8,916,041
Operating Loss	(2,577,223)
Nonoperating Revenues	
Investment gain	866,830
Net Loss	(1,710,393)
Retained Earnings, Beginning of Year	27,143,383
Retained Earnings, End of Year	$ 25,432,990

	Internal Service Fund
Cash Flows from Operating Activities	
Cash received from assessments made to other funds	$ 3,735,891
Cash payments to employees for services	(5,746,885)
Cash payments for insurance claims	(3,278,100)
Net Cash Provided by (Used for) Operating Activities	(5,289,094)
Cash Flows from Investing Activities	
Interest on investments	600,653
Change in fair market value of cash in county	206,601
Net Cash Provided by (Used for) Investing Activities	807,254
Net Decrease in Cash and Cash Equivalents	(4,481,840)
Cash and Cash Equivalents - Beginning	26,253,069
Cash and Cash Equivalents - Ending	$ 21,771,229
Reconciliation of Operating Loss to Net	
Cash Provided by (Used for) Operating Activities	
Operating loss	$ (2,577,223)
Changes in assets and liabilities	
Due from other funds	199,210
Accounts payable	1,444
Due to other funds	(2,802,137)
Claim liabilities	(110,388)
Net Cash Provided By Operating Activities	$ (5,289,094)

	Retiree OPEB Trust
Assets	
Investments	$ 127,566,985
Liabilities and Fund Balance	
Liabilities	
Due to other funds	$ 3,000,000
Fund Balance	
Restricted	124,566,985
Total liabilities and fund balance	$ 127,566,985

	Retiree OPEB Trust
Revenues	
Local revenues	$ 12,037,921
Expenditures	
Current	
Services and operating expenditures	419,221
Excess of Revenues over Expenditures	11,618,700
Fund Balances, Beginning of Year	112,948,285
Fund Balances, End of Year	$ 124,566,985

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.