FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2024

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FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
June 30, 2024

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FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit, of the Foothill-De Anza Community College District (the "District"), as of and for the year ended June 30, 2024, 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 discretely presented component unit of the Foothill-De Anza Community College District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

(Continued)

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 4 through 12 and the Schedule of Changes in the District's Net OPEB Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 51 to 55 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 2, 2024 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 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.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2024

INTRODUCTION TO THE FINANCIAL STATEMENTS

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

The following management's discussion and analysis provides an overview of the financial position and activities of the Foothill-De Anza Community College District's Financial Report for the year ended June 30, 2024. The previous year's financial statements that provide information on the District as a whole:

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

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

STATEMENT OF NET POSITION

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

Net position in thousands as of June 30:

	2024	2023	Net Change
ASSETS			
Current Assets	$ 206,453	$ 218,431	$ (11,978)
Noncurrent Assets	708,195	637,393	70,802
Total Assets	914,648	855,824	58,824
DEFERRED OUTFLOWS OF RESOURCES	129,139	92,996	36,143
LIABILITIES			
Current Liabilities	174,258	160,491	13,767
Noncurrent Liabilities	1,100,768	1,071,964	28,804
Total Liabilities	1,275,026	1,232,455	42,571
DEFERRED INFLOWS OF RESOURCES	34,671	65,992	(31,321)
NET POSITION			
Net Investment in Capital Assets	(26,037)	(52,431)	26,394
Restricted	107,142	97,015	10,127
Unrestricted	(347,015)	(394,211)	47,196
Total Net Position	$ (265,910)	$ (349,627)	$ 83,717

STATEMENT OF NET POSITION (CONTINUED)

Assets

Total assets changed over last year by a net increase of $58.8 million because of a net $12.0 million decrease in current assets combined with a net $70.8 million increase of noncurrent assets. The major changes affecting total assets are listed below:

- The net $12.0 million decrease in current assets is mainly due to a $27 million decrease in cash and $12.9 million increase in accounts receivable, $2.1 million increase in prepaids and other categories resulting in the remaining changes.
    - $27 million in net decrease of cash is primarily attributable to a resetting to typical cash levels after prior year's substantial infusion of COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grant funding for claimed lost revenue, State COVID Recovery Block Grant which accounted for a one-time boost to cash levels in prior year by $37.7 million. Additionally, in an unprecedented move, the state requested a return of funds to respond to state budget pressures and adjustments. The District was required to return unspent funds in certain programs, the largest which drew down cash levels by $13.1 million was in State Scheduled Maintenance. Other state categorical and grant program also had notable cash decreases such as the CVC/OEI program with a decrease of $13.6 million, and Instructional Equipment and Materials with a decrease of $5.7 million. Conversely, cash declines were offset by a sizable in $25.6 million net interest received due to higher interest rates, additional cash from state apportionments of $15.1 million, and $6.1 million tuition and fees receipts from nonresident enrollments.
    - Accounts Receivable increase of $12.9 million is mostly attributable to increase in state apportionment and student accounts receivable.
    - Prepaids increased by $2 million related to grants and software and support service contracts.
- Noncurrent assets increased by a net $70.8 million which is predominately related to $83.3 million in net proceeds received from the sale of the Measure G Series C bonds along with an increase of $18.9 million in capital assets not being depreciated or classed as construction-in-progress from Measure G Bond program's capital construction activity. The increases were offset by a $31.4 million decline in capital assets made up of routine depreciation.

Liabilities

Total liabilities increased by a net $42.5 million over prior year. The major changes affecting total liabilities are listed below:

- Current liabilities increased by a net $13.8 million connected to $12.6 million increase in the current portion of long-term debt liabilities related to accreted interest, $11.7 million in accounts payable as a result of increased activity in the construction program and grants activity, and $4.4 million in accrued interest related to long-term debt. These increases were offset by a $14.1 million decrease in unearned revenue with other minor decreases in accrued liabilities comprising the remaining change.

STATEMENT OF NET POSITION (CONTINUED)

    - Unearned revenue decreases were largely due to recognized revenue in the grant and categorical area with the previously noted state action of requesting a return of funds to address state budget pressures and adjustments. The two most impactful programs that called for a return of funds being $13.1 million in State Scheduled Maintenance and $3.2 million in Learning Aligned Employment Program. These declines in revenue were combined with other slight increases in other categorical programs such as Next Up and Student Success and Completion.

- Noncurrent liabilities experienced a $28.8 million net increase with the largest change being $30.5 million in pension liability. Additionally, a net $7.6 million increase in related long-term debt items and $1.6 million increase comprised of other claims and compensated absence liabilities contributed to the overall net increase. These increases were countered by a decrease of $8.9 million in Other-Post Employer Benefits (OPEB) liability and a $1 million decrease liability related to Subscription-Based Information Technology Arrangements (SBITAs).

Deferred Outflows/Deferred Inflows of Resources

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

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

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. Refer to Note 9 and 10 for the District's deferred outflows and inflows of resources related to pensions.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

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

	2024	2023	$ Change	% Change
OPERATING REVENUES				
Net Tuition and Fees	$ 43,999	$ 39,322	$ 4,677	11.9%
Grants and Contracts, Noncapital	72,177	96,801	(24,624)	-25.4%
Auxiliary Sales, Net	1,125	927	198	21.4%
Other	2,094	1,918	176	9.2%
Total Operating Revenues	119,395	138,968	(19,573)	-14.1%
OPERATING EXPENSES				
Salaries	177,241	162,148	15,093	9.3%
Benefits	28,022	83,286	(55,264)	-66.4%
Supplies, Materials, and Other Operating			-	
Expenses	36,478	52,942	(16,464)	-31.1%
Financial Aid	36,501	41,513	(5,012)	-12.1%
Utilities	5,285	5,413	(128)	-2.4%
Depreciation	42,545	45,193	(2,648)	-5.9%
Total Operating Expenses	326,072	390,495	(64,423)	-16.5%
OPERATING LOSS	(206,677)	(251,527)	44,850	17.8%
NONOPERATING REVENUES AND EXPENSES				
State Apportionments, Noncapital	46,204	39,388	6,816	17.3%
Federal Grants and Contracts	20,033	51,092	(31,059)	-60.8%
Local Property Taxes	137,021	132,469	4,552	3.4%
State Taxes and Other Revenues	8,617	8,005	612	7.6%
Interest and Investment Income	27,379	4,533	22,846	504.0%
Transfer to OPEB Trust	(1,500)	(1,500)	-	-
Total Nonoperating Revenues	237,754	233,987	3,767	1.6%
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	31,077	(17,540)	48,617	277.2%
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	52,639	40,952	11,687	28.5%
CHANGE IN NET POSITION	$ 83,716	$ 23,412	$ 60,304	257.6%

Operating Revenues

Total Operating Revenues decreased over last year by a net $19.6 million or -14.1% mainly caused by a significant decrease in the state grants and contracts area of $24.7 million. As referenced in prior sections, this change stemmed from the absence of the prior year's influx of one-time grant funds. The decrease was balanced with a $4.7 million or 11.9% increase in Tuition and Fees from a rise in Full-Time Equivalent (FTES) Student enrollments. Resident enrollment increased by 1,277 FTES or 6.3% and nonresident enrollments grew by 385 FTES or 18%. In auxiliary enterprise operations, dining services, and other sales posted increases of $374 thousand caused by more in-person classes and student presence on campus.

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

Operating Expenses

Total Operating Expenses decreased $64.4 million year-over-year overall or -16.5%. Items of significance resulting in the net changes include:

- Salaries experienced a $15.1 million or 9.3% rise from a negotiated salary compensation cost-of-living (COLA) increase valued at $14.7 million or 7.22%. However, benefits reflected a major decrease of a net $55.3 million or 66.4% decrease over prior year. The primary decrease related to $21.5 million in reduced recognized pension expense and OPEB expense and in differences in net deferred inflows/outflows. The remaining change was related to employer payroll related benefits, mainly employer $4.5 million is higher STRS/PERS contributions and $3.6 million in health and other benefits.

- Financial Aid's decrease in expense of $5 million or -12.1% related to the Higher Education Emergency Relief Fund (HEERF) funding which was fully expended in prior year.

- The $2.6 million or -5.9% decrease in depreciation and amortization expense was associated with standard use of assets during the fiscal year.

Nonoperating Revenues

Nonoperating Revenues increased by $3.8 million over prior year or 1.6% because of the following net effect:

- The District received $14.4 million in new revenue for the 8.22% cost-of-living increase provided by the state on the base apportionment revenue. This increase comprised most of the $13.2 million increase between the State Apportionments and Local Property Taxes categories which each rose $6.8 million and $4.6 million, respectively. They are analyzed together because the state funding model calls for the District's state apportionment entitlement to be funded first by local sources, resident enrollment fees and property taxes, and lastly by state general apportionment. Since the overall entitled base apportionment increase was so large, there was an increase in state general apportionment revenue as well as increases in the local sources of property tax and resident enrollment fee revenue.

- Federal grants and contracts decreased by a net $31 million with the most significant change being prior year's $32 million that has now been fully exhausted in COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants with the other difference being a slight increase in PELL grants.

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

- Interest and Investment Income posted a notable $22.8 million increase due to higher interest rate earnings.

Other Revenues, Expenses, Gains and Losses

The increase of the net $11.7 million is connected to a $26.7 million in reduced interest expense for capital debt, an increase of $5 million in capital related state apportionment revenues. These were countered by $20.6 million of lower county property tax revenue collections for current and advanced debt service obligations with the remaining change from minor differences in investment income.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had approximately $1.2 billion invested in capital assets. These assets had an accumulated depreciation of $797.4 million leaving the net capital asset value at $474.3 million which consists of land, construction in progress, buildings and improvements, vehicles, technology infrastructure, equipment, subscription assets and other office equipment. There are $34.6 million in assets not being depreciated or work-in-progress which is a $18.9 million increase over prior year because of the increased capital construction and technology improvements activity associated with the Measure G Bond program along with state scheduled maintenance projects. Depreciation and amortization expense of $42.5 million was recorded for fiscal year 2023-24.

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

Capital assets in thousands as of June 30:

	2024	2023	Net Change
Land and Construction in Progress	$ 34,555	$ 15,610	$ 18,945
Buildings and Equipment	1,220,590	1,214,768	5,822
Subscriptions	16,533	13,174	3,359
Accumulated Depreciation	(797,366)	(756,774)	(40,592)
Total Capital Assets	$ 474,312	$ 486,778	$ (12,466)

Debt

At June 30, 2024, the District had $1.2 billion in debt with a net increase of $40.9 million over prior year. Net pension liability had a $30.5 million increase and bonds payable increased by $21.1 million connected to the recent Measure G Series C issuance. OPEB Liability decreased by $8.9 million, and subscription liabilities decreased by $1 million. A decrease of $1.2 million in the Supplementary Employee Retirement Plan which represents the final payment and fulfills the entire obligation of the program. These changes were offset by minor increases in other areas. Notes 7 through 14 provide additional information on long-term liabilities. A comparison is summarized herein.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt in thousands as of June 30:

	2024	2023	Net Change
Compensated Absences	$ 8,608	$ 8,196	$ 412
Subscription liabilities	7,917	8,820	(903)
Claims Liability	5,381	5,381	-
Supplemental Employee Retirement Plan	-	1,217	(1,217)
Bonds and Notes Payable	861,287	840,138	21,149
OPEB Liability	62,511	71,382	(8,871)
Medicare Premium Program	367	15	352
Net Pension Liability	226,284	195,763	30,521
Total Long-Term Liabilities	$ 1,172,355	$ 1,130,912	$ 41,443

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

The FY 2024-25 Adopted Budget is a reflection of the priorities of the Foothill-De Anza Community College District (District) in ensuring that planning and budgeting tie to the educational mission of student success and educational excellence. The District continues to rely on state apportionment and there is a 1.07% increase in cost-of-living adjustments (COLA) added to prior fiscal year's revenues. The District projects an $800,000 surplus (positive operating result) due to the combination of effective budgeting by reducing expenditures and an increase in revenues related to the state COLA.

The Governor continues to prioritize K-14 education in his proposed state budget. Despite a gloomy state budget with anticipated deficits, the Governor committed resources to fund Proposition 98, which guarantees funding to K-12 and community colleges. The Governor proposed to withdraw reserves from the Public School Stabilization Fund to ensure the full-funding of Proposition 98. While some categorical programs did not receive any COLA adjustments, the Student Centered Funding Formula received an across-the-board COLA increase in all its components or metrics. The hold harmless status also received a COLA adjustment.

On the local front, the County of Santa Clara continues to project growth in property tax assessments. The strong performance of the technology and manufacturing sectors contributed to the increase in property tax assessments. The technology industry leads the county-wide average in property tax assessment increases, especially in Sunnyvale, Mountain View, and Cupertino – all part of the District's service area.

The property tax share of the District comprises a majority of the District's total computational revenue despite the effects of the negative ERAF. Since FY 2020-21, the District has received negative ERAF adjustments, thereby technically reducing the District's property tax revenue reported to the state Chancellor's Office. While there are no apparent financial implications of the negative ERAF due to the backfill from the state's general funds, the long-term implication of the negative ERAF is the difficulty of the District transitioning to a community-supported (also known as basic aid) district. As a reference point, three community-supported districts surround the District.

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

The District is still reeling from enrollment declines over the years. While FY 2023-24 saw a robust enrollment increase by about 1,300 resident FTES, it is still insufficient to get the District out of hold-harmless funding. FY 2024-25 is the last year in hold-harmless funding with compounded COLA. Starting in FY 2025-26, districts will receive funding through either the SCFF metrics, stability funding (prior year SCFF metrics plus current year COLA), or the same amount as FY 2024-25 funding, whichever is the highest. As such, next year, FY 2024-25, is critical to the District because the level of funding this year will serve as the minimum guaranteed funding starting in FY 2025-26.

FY 2024-25 would be the last year for the District to restore 1,581 resident full-time equivalent students (FTES). Thus, the District, through the District Enrollment Management Committee, has recommended that $3.2 million be invested permanently in programs and activities that meet the needs of the changing student population the District serves. The goal is to invest in programs and activities that will immediately impact the SCFF, such as dual enrollment, career education non-credit, and increased outreach to underserved populations that will increase PELL and Promise recipients. An additional 421 resident FTES is available to restore in the coming year should the District enrollment increase beyond 1,581. The 421 FTES restoration opportunity expires in FY 2025-26.

Next year looks bright – the District is leading the state in combating enrollment fraud using artificial intelligence. The technology provided reliability and predictability in the enrollment and ensured the students were not negatively affected by the unavailability of classes. Furthermore, implementing fraud detection mechanisms increased the District's productivity and classroom efficiency.

Regarding non-resident student enrollments, the District saw an increase in FY 2023-24. The District is optimistic about another significant increase in non-resident students this coming year. The future of the non-resident students beyond FY 2024-25 will rely on the policies of the new incoming presidential administration on foreign students. The District experienced a significant decline in non-resident student enrollment in FY 2017-18. The decrease in enrollment was exacerbated further by the pandemic and is still recovering from that decline.

The District continues to commit itself to financial stability. Next year, the District anticipates to grow its fund reserves by continuing its prudent spending while focusing on student experience and success. Per the California Community Colleges Chancellor's Office (CCCCO), the recommended fund reserve should be at least equal to two months of expenditures in the total unrestricted general funds. In the event of state economic difficulties, the District will have sufficient funds to pay its bills for at least two months without borrowing. The District is committed to growing the fund reserves from unspent funds and additional revenues not included in the projected budget, such as anticipated growth in non-resident enrollment. From a policy perspective, the District needs to revise its fund reserve policy from 5% to 16.67% in alignment with the CCCCO recommendations.

Looking Beyond FY 2024-25

So much uncertainty beyond FY 2024-25 is primarily affected by the changes in administration at the federal level. While California will always prioritize education at all levels, the federal government will most likely impact community colleges and the students they serve. Grants are an opportunity to generate non-apportionment revenues. The District is poised to take advantage of the number of available grants that the District's outstanding faculty and administrators can lead.

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

On an organizational level, the District through the Chancellor's Priorities started to engage in conversations on the Somos Uno (We Are One) initiative. The main focus is to improve the student experience and to ensure efficiency that leads to cost savings. One of the motivations to think differently, collaborate more, and enhance delivery to students is the anticipated plateau funding starting in FY 2025-26.

From an apportionment perspective, it is only a matter of time for the District to get out of the plateau funding starting in FY 2025-26 by virtue of the COLA adjustment to the SCFF metrics. Coupled with the District's strategies to serve more underserved and disproportionately impacted students, increase credit and baccalaureate programs, increase dual enrollment, and develop more partnerships with industry for career education, the outlook is bright.

One thing to note is the ability of the state to fully fund the SCFF. With the economic challenges the state is facing, a deficit factor may happen. The last time the community college system had a deficit factor was in FY 2019-20. While it is only a fraction of a percent, it is still disruptive to the stability and predictability of financial resources. This necessitates closely paying attention to the local revenues – property taxes and resident student enrollment fees collected – and other non-apportionment revenues – grants and non-resident enrollment.

The District is also embracing transformation into a 24x7 campus through affordable student and employee housing projects. While these projects are not revenue-generating activities but more self-sustaining programs, attracting more qualified faculty, staff, and administrators who will serve more students who will reside in the housing would positively impact enrollment, potentially leading to increased SCFF metrics. This strategic project to increase enrollment is part of the District's overall philosophy to continuously commit itself to being an equity-minded and equity-practicing institution.

The District is also committed to addressing its long-term liabilities, specifically Other Post-employment Benefits (OPEB). Consistent with prior years, the adopted fiscal year FY 2024-25 budget planned for a $1.5 million contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust to fund the OPEB liability. During the 2022-23 fiscal year, the District engaged in a full actuarial study under the GASB 74/75 accounting standard to revise the liability. The April 5, 2024 report, with a valuation date of June 30, 2023, and measurement date of June 30, 2023, calculated the District's Total OPEB Liability at $96,351,823. Per CalPERS CERBT, the market value of the asset funds held within the irrevocable trust as of June 30, 2024, was $39,283,369.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Foothill-De Anza Community College District, Dr. Christopher F. Dela Rosa, Vice Chancellor of Business Services. Separately issued financial statements for the Foothill-De Anza Community College Foundation Component unit may be obtained by contacting Robin Latta at 12345 El Monte Road, Los Altos Hills, CA 94022.

ASSETS	
Current assets:	
Cash and cash equivalents	$ 164,661,944
Receivables, net	32,537,264
Inventory	18,752
Prepaid expenses	7,333,291
Due from Foundations	1,901,704
Total current assets	206,452,955
Noncurrent assets:	
Restricted cash and cash equivalents	233,883,550
Non-depreciable capital assets	34,555,406
Capital assets, net of accumulated depreciation and amortization	439,756,302
Total noncurrent assets	708,195,258
Total assets	914,648,213
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - refunding	29,563,832
Deferred outflows of resources - pensions	85,110,541
Deferred outflows or resources- OPEB	14,464,674
Total deferred outflows resources	129,139,047
Total assets and deferred outflows of resources	$ 1,043,787,260
LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	$ 28,373,467
Accrued liabilities	4,308,653
Accrued interest	13,163,231
Unearned revenue	56,826,103
Long-term liabilities - current portion	71,586,956
Total current liabilities	174,258,410
Noncurrent liabilities:	
Long-term liabilities - noncurrent portion	1,100,768,525
Total liabilities	1,275,026,935
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	26,162,000
Deferred inflows of resources - OPEB	8,509,092
Total deferred inflows of resources	34,671,092
NET POSITION	
Net investment in capital assets	(26,037,039)
Restricted for:	
Debt service	77,684,964
Scholarship and loans	15,026
Other special purposes	29,441,683
Unrestricted	(347,015,401)
Total net position	(265,910,767)
Total liabilities, deferred inflows of resources, and net position	$ 1,043,787,260

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,026,525
Investments	8,188,397
Receivables, net	31,142
Grants receivables, net	20,000
Prepaid expenses	4,523
Total current assets	11,270,587
Noncurrent assets:	
Investments	48,381,864
Total assets	$ 59,652,451
LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	$ 128,103
Accounts payable - due to District	700,289
Accrued liabilities - due to District	251,955
Total current liabilities	1,080,347
Net assets:	
Without donor restrictions	11,214,922
With donor restrictions	47,357,182
Total net assets	58,572,104
Total liabilities and net assets	$ 59,652,451

See accompanying notes to financial statements.

Operating revenues:	
Tuition and fees	$ 53,798,019
Less: scholarship discounts and allowances	(9,798,565)
Net tuition and fees	43,999,454
Grants and contracts, non-capital:	
Federal	3,486,444
State	63,892,588
Local	4,798,107
Auxiliary sales, net	1,124,994
Other	2,093,900
Total operating revenues	119,395,487
Operating expenses:	
Salaries	177,240,944
Employee benefits	28,021,611
Supplies, materials and other operating expenses	36,477,524
Student financial aid and scholarship	36,501,376
Utilities	5,284,647
Depreciation and amortization	42,545,467
Total operating expenses	326,071,569
Loss from operations	(206,676,082)
Non-operating revenues (expenses):	
State apportionment, non-capital	46,204,237
Federal grants and contracts, non-capital	20,033,293
Local property taxes	137,021,425
State taxes and other revenues	8,616,432
Interest and investment income, net	27,378,425
Transfer out to OPEB Trust	(1,500,000)
Total non-operating revenues (expenses)	237,753,812
Income before other revenues, expenses, gains and losses	31,077,730
Other revenues, expenses, gains and losses	
State apportionment, capital	6,178,954
Local property taxes and revenues, capital	48,179,515
Interest and investment income, capital	3,045,211
Interest expense and cost of issuing capital asset-related debt	(6,310,654)
Local revenue, grants and gifts, capital	1,545,736
Total other revenues, expenses, gains and losses	52,638,762
Changes in net position	83,716,492
Net position, July 1, 2023	(349,627,259)
Net position, June 30, 2024	$ (265,910,767)

See accompanying notes to financial statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOOTHILL-DE ANZA COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Support and revenue:			
Contributions	$ 101,741	$ 3,956,913	$ 4,058,654
Contributions - stock donations	-	187,603	187,603
Contributions - other special programs	-	887,169	887,169
Special events	57,574	-	57,574
Program service fees	189,070	-	189,070
Donated facilities	86,143	-	86,143
Administrative fee	109,998	-	109,998
Total support	544,526	5,031,685	5,576,211
Other income:			
Interest and dividends, net of expenses	642,465	671,901	1,314,366
Realized loss on investments	(16,683)	(55,460)	(72,143)
Unrealized gain on investments	2,662,549	3,567,824	6,230,373
Total other income	3,288,331	4,184,265	7,472,596
Total revenues before net assets released from restriction	3,832,857	9,215,950	13,048,807
Net assets released from restrictions	3,370,884	(3,370,884)	-
Total revenue	7,203,741	5,845,066	13,048,807
Operating expenses			
Program services:			
Student and colleges support	3,619,380	-	3,619,380
Other special programs	1,189,013	-	1,189,013
Supporting services:			
Management and general	350,566	-	350,566
Fundraising	637,313	-	637,313
Total expenses	5,796,272	-	5,796,272
Change in net assets	1,407,469	5,845,066	7,252,535
Net assets, beginning of year	9,807,453	41,512,116	51,319,569
Net assets, end of year	$ 11,214,922	$ 47,357,182	$ 58,572,104

See accompanying notes to financial statements.

Cash flows from operating activities:	
Tuition and fees	$ 44,260,910
Federal, grants and contracts	3,667,590
State grants and contracts	34,647,582
Local grants and contracts	6,839,871
Sales	478,295
Payments to suppliers and vendors	(32,564,527)
Payments to and on behalf of employees	(253,903,258)
Payments to and on behalf of students	(36,501,376)
Net cash used in operating activities	(233,074,913)
Cash flows from noncapital financing activities:	
State apportionments and receipts	49,652,732
Property taxes	137,021,425
Grants and gifts for other than capital purposes	8,616,432
Local, nonoperating	49,725,251
State taxes and other revenues	6,178,954
Federal grants	20,033,293
Due to/from Foundations	(442,191)
Other non-operating revenues	(2,867,883)
Net cash provided by noncapital financing activities	267,918,013
Cash flows from capital and related financing activities:	
Proceeds from capital debt	91,111,898
Purchase of capital assets, net	(30,078,765)
Transfer out to OPEB Trust	(1,500,000)
Interest on investments, capital funds	3,045,211
Principal paid on capital debt	(52,798,015)
Interest paid on capital debt, net	(16,715,424)
Net cash used in capital and related financing activities	(6,935,095)
Cash flows from investing activities:	
Interest on investments	28,389,303
Net change in cash and cash equivalents	56,297,308
Cash and cash equivalents, July 1, 2023	342,248,186
Cash and cash equivalents, June 30, 2024	$ 398,545,494
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net position:	
Cash and cash equivalents	$ 164,661,944
Restricted cash and cash equivalents	233,883,550
Total cash	$ 398,545,494

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (206,676,082)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	42,545,467
Changes in assets and liabilities:	
Receivables, net	(15,488,842)
Inventory	(2,042)
Prepaid expenses	(1,621,027)
Deferred outflows of resources - pensions and OPEB	(38,463,589)
Accounts payable	11,669,773
Subscription liabilities	(902,226)
Unearned revenue	(14,012,397)
Compensated absences payable	412,484
Supplemental early retirement incentive	(1,217,383)
Medical premium program	351,600
OPEB liability, net	(8,870,917)
Deferred inflows of resources - pensions and OPEB	(31,320,732)
Net pension liability	30,521,000
Net cash used in operating activities	$ (233,074,913)
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	$ 4,323,707
Amortization of loss on refunding debt	$ 2,320,858
Accretion of interest	$ (17,164,677)

STATEMENT OF CASH FLOWS
Year ended June 30, 2024

Cash flows from operating activities	
Cash received from donations and fundraising	$ 4,215,792
Cash received from program service revenue	189,070
Cash paid for student scholarships and campus programs	(1,563,627)
Cash paid to employees for salaries and benefits	(3,137,274)
Cash paid for operating expenses and fundraising	(789,066)
Net cash used by operating activities	(1,085,105)
Cash flows from investing activities	
Purchase of investments	(487,038)
Sale of investments	1,613,384
Reinvested investment income, net of expenses	1,322,329
Net cash provided by investing activities	2,448,675
Cash flows from financing activities	
Cash received from endowed and quasi-endowed donations	792,901
Net cash provided by financing activities	792,901
Net decrease in cash and cash equivalents	2,156,471
Cash and cash equivalents - beginning of year	870,054
Cash and cash equivalents - end of year	$ 3,026,525
Reconciliation of changes in net assets to net cash used by operating activities	
Change in net assets	$ 7,252,535
Adjustment to reconcile change in net assets to net cash used by operating activities	
Change in value of investments	(7,472,596)
Contributions – endowed and quasi-endowed	(792,901)
Contributions – stock donations	(187,603)
(Increase) decrease in operating assets	
Accounts receivable	(14,703)
Grants receivable	20,000
Prepaid expense	(2,124)
Increase (decrease) in operating liabilities	
Accounts payable	77,942
Accounts payable - due to district	(23,098)
Accrued liabilities - due to district	57,443
Net cash used by operating activities	$ (1,085,105)

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Foothill-De Anza Community College District (the “District”) is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (“GASB”) Codification Section (Cod. Sec) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) and GASB Cod. Sec. 2100.101. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the “direct benefit” criterion, the “entitlement/ability to access” criterion, and the “significance” criterion. The District identified the Foothill-De Anza Community College District Financing Corporation and the Foothill-De Anza Community Colleges Foundation as its potential component units.

The Foothill-De Anza Community College District Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The board of trustees of the Corporation and the District are the same. The financial activity has been “blended” or consolidated within the financial statements of the District as if the activity was the District’s. Certificates of participation issued by the Corporation are included as long-term liabilities of the District; individual financial statements are not prepared. The Financing Corporation had no activity for the year ended June 30, 2024 as the certificates of participation issued by the Corporation were fully repaid in a prior fiscal year.

The Foothill-De Anza Community Colleges Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The 20 member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below. The Foundation is a nonprofit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the District’s financial reporting entity for these differences.

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Foundation's financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Financial Position as net assets without donor restriction or net assets with donor restriction based on the absence or existence of donor-imposed restrictions. The Foundation's statements were prepared in accordance with the pronouncements of the Financial Accounting Standards Board ("FASB"). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's report for these differences.

Cash and Cash Equivalents: For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Santa Clara County Treasury are considered cash equivalents.

Restricted Cash, Cash Equivalents and Investments: Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non-current assets in the statement of net position.

Fair Value of Investments and Investment Pools: The District records its investment in Santa Clara County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The fair value of investments, including the Santa Clara County Treasury external investment pool, at June 30, 2024 approximated their carrying value. Foundation investments in debt and equity securities are carried at fair value. Realized gains and losses and unrealized appreciation (depreciation) of those investments are reflected in the Statement of Activities. Fair values of investments in county and State investment pools are determined by the pool sponsor.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under provisions of California Government Code Sections 16430, 53601 and 53602 and District Board Policy Section 3130, the District may invest in the types of investments shown herein. The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2024.

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

The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment income (interest and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law. The Foundation's investment portfolio consists of all fair value securities that based on observable market inputs.

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

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

Prepaid Expenses: Payments made to vendors for goods or services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

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

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

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

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

Net Position: The District's net position is classified as follows:

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions – Net assets for use in general operations and not subject to donor restrictions.
>
> Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

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

Classification of Revenue: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of fee waivers and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital asset related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes: Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31 and become delinquent after August 31.

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

Fee Waivers: Student tuition and fee revenue are reported net of the Board of Governors fee waivers in the Statement of Revenues, Expenses and Change in Net Position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements.

Postemployment Benefits Other Than Pensions (OPEB): The District's OPEB liability, deferred outflows, and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust Program (CERBT). For this purpose, the CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. The CERBT reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity of purchase of one year or less, which are reported at cost.

Medicare Premium Liability: For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements; as the plan is not material additional disclosures are not included.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability and OPEB liability reported which is in the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 41,453,717	$ 43,656,824	$ 85,110,541
Deferred inflows of resources	$ 21,342,000	$ 4,820,000	$ 26,162,000
Net pension liability	$ 94,991,000	$ 131,293,000	$ 226,284,000
Pension expense	$ 18,168,254	$ 19,145,943	$ 37,314,197

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2024, consisted of the following:

Cash in County Treasury	$ 161,935,543
Cash on hand and in banks	2,669,225
Cash in revolving accounts	57,176
Subtotal unrestricted cash and cash equivalents	164,661,944
Restricted cash and cash equivalents	233,883,550
Total cash and cash equivalents	$ 398,545,494

Cash in County Treasury: In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Santa Clara County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2024 is measured at 97% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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

Custodial Credit Risk: Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. The District amount of securities that can be held by counterparties.

Deposits – Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2024, $2,600,507 of the District's bank balance of $2,850,507 was exposed to credit risk as uninsured and uncollateralized.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk: The District's investment policy places no limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no concentration of credit risk.

NOTE 3 - RECEIVABLES

District receivables at June 30, 2024 are summarized as follows:

Federal and state	$ 1,223,636
Student	19,496,517
Miscellaneous	16,006,939
	36,727,092
Less allowance for doubtful accounts	(4,189,828)
Total accounts receivable, net	$ 32,537,264

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

(Continued)

NOTE 4 - CAPITAL ASSETS

A summary of changes for the District in capital assets for the year ended June 30, 2024 is shown as follows:

	Balance July 1, 2023	Additions	Deductions	Transfers	Balance June 30, 2024
Non-depreciable:					
Land	$ 2,489,777	$ -	$ -	$ -	$ 2,489,777
Construction in progress	13,119,895	20,384,502	-	(1,438,768)	32,065,629
Depreciable:					
Land improvements	227,009,861	-	-	537,149	227,547,010
Buildings and improvements	906,830,225	-	-	-	906,830,225
Furniture and equipment	80,928,597	5,577,353	(1,194,701)	901,619	86,212,868
Total	1,230,378,355	25,961,855	(1,194,701)	-	1,255,145,509
Less accumulated depreciation:					
Land improvements	(177,092,354)	(10,261,282)	-	-	(187,353,636)
Buildings and improvements	(505,671,839)	(23,750,127)	-	-	(529,421,966)
Furniture and equipment	(69,655,357)	(3,514,922)	1,194,701	-	(71,975,578)
Total	(752,419,550)	(37,526,331)	1,194,701	-	(788,751,180)
Subscription assets:					
Software	13,173,573	4,116,910	(757,282)	-	16,533,201
Accumulated subscription amortization:					
Software	(4,353,968)	(5,019,136)	757,282	-	(8,615,822)
Capital assets, net	$ 486,778,410	$ (12,466,702)	$ -	$ -	$ 474,311,708

Depreciation and amortization expense of $42,545,467 was recorded during the year.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the District consisted of the following:

Accounts payable:	
Vendors	$ 27,900,698
Retention	472,769
Total accounts payable	28,373,467
Accrued liabilities:	
Payroll and benefits	2,170,986
Accrued expenses	2,137,667
Total accrued liabilities	4,308,653
Total accounts payable and accrued liabilities	$ 32,682,120

(Continued)

NOTE 6 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned federal and state revenue	$ 48,674,683
Unearned tuition and student fees	7,436,438
Unearned local grant revenue and other	714,982
Total unearned revenue	$ 56,826,103

NOTE 7 - LONG-TERM LIABILITIES

General Obligation Bonds

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

- Series A was sold on May 3, 2000 for a total of $99,995,036.
- Series B was sold on September 9, 2003 for a total of $90,100,063.
- Series C was sold on September 20, 2005 for a total of $57,904,900.
- General Obligation Refunding Bonds were issued on October 2, 2002 in the amount of $67,475,000 for the purpose of refunding a portion of the Measure E (1999), Series A General Obligation Bonds.
- 2005 General Obligation Refunding Bonds were issued on September 20, 2005 in the amount of $22,165,000 for the purpose of refunding a portion of the Measure E (1999), Series B General Obligation Bonds.
- 2012 General Obligation Refunding Bonds were issued on May 3, 2012 in the amount of $70,735,000 for the purpose of refunding portions of the Measure E (1999), Series B, Series C General Obligation Bonds, and the 2002 Refunding Obligation Bonds.

Measure E (1999) (Continued):

- 2014 General Obligation Refunding Bonds were issued on August 19, 2014 in the amount of $17,615,000 for the purpose of refunding portions of Measure E (1999),Series C General Obligation Bonds.
- 2021 General Obligation Refunding Bonds were issued on April 21, 2021 in the amount of $61,735,000 for the purpose of refunding portions of Measure E (1999) 2012 Refunding Bonds and 2014 Refunding Bonds.

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Measure C (2006): The District, Santa Clara County, California Election of 2006, General Obligation Bonds (the Bonds) were authorized at an election of registered voters held on June 6, 2006 at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of $490,800,000 principal amount of general obligation bonds of the District. The Bonds were issued to finance the acquisition, construction, modernization, and renovation of certain District facilities approved by the District's registered voters and to pay costs of issuance associated with the Bonds.

- Series A was sold on May 10, 2007 for a total of $149,995,250.
- Series B was sold on May 10, 2007 for a total of $99,996,686.
- Series C was sold on May 19, 2011 for a total of $184,000,000.
- Series D was sold on October 19, 2016 for a total of $26,040,000.
- Series E was sold on October 19, 2016 for a total of $30,765,000.
- 2014 General Obligation Refunding Bonds were issued on August 19, 2014 in the amount of $85,400,000 for the purpose of refunding portions of Measure C (2006),Series A and B General Obligation Bonds.
- 2015 General Obligation Refunding Bonds were issued on September 1, 2015 in the amount of $83,100,000 for the purpose of refunding portions of the Measure C (2006). Series A and B General Obligation Bonds.
- 2016 General Obligation Refunding Bonds were issued on October 19, 2016 in the amount of $201,735,000 for the purpose of refunding $184,000,000 of the Measure C(2006) Series C General Obligation Bonds.
- 2021 General Obligation Refunding Bonds were issued on April 21, 2021 in the amount of $96,025,000 for the purpose of refunding portions of Measure C (2006) 2014 Refunding Bonds and 2016 Refunding Bonds.

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

- Series A was sold on April 21, 2021 for a total of $20,000,000.
- Series B was sold on April 21, 2021 for a total of $90,000,000.
- Series C was sold on May 7, 2024 for a total of $85,000,000

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the District's General Obligation Bonds outstanding at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2025	$ 47,378,868	$ 27,243,543	$ 74,622,411
2026	54,622,271	27,898,194	82,520,465
2027	30,828,207	27,854,589	58,682,796
2028	30,962,322	28,284,000	59,246,322
2029	32,895,690	28,453,613	61,349,303
2030-2034	157,527,497	191,804,828	349,332,325
2035-2039	176,649,591	154,378,785	331,028,376
2040-2042	109,315,000	4,259,738	113,574,738
	640,179,446	490,177,290	1,130,356,736
Accreted interest	178,027,949	-	178,027,949
Total	$ 818,207,395	$ 490,177,290	$1,308,384,685

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

The following table summarizes the Outstanding General Obligation Bonds at June 30, 2024:

	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2024
Measure E (1999) General Obligation Bonds					
Series A	5/3/2000	8/1/2030	4.30 - 6.26%	$ 99,995,036	$ 7,438,109
Series B	9/9/2003	8/1/2036	2.00 - 5.79%	90,100,063	38,115,063
Series C	9/20/2005	8/1/2034	3.00 - 5.03%	57,904,900	19,674,338
2002 General Obligation Refunding Bonds	10/2/2002	08/01/30	2.00 - 5.00%	67,475,000	-
2005 General Obligation Refunding Bonds	9/20/2005	8/1/2021	3.00 - 5.25%	22,165,000	-
2012 General Obligation Refunding Bonds	5/3/2012	8/1/2030	0.25 - 5.00%	70,735,000	-
2014 General Obligation Refunding Bonds	8/19/2014	8/1/2036	2.00 - 5.00%	17,615,000	-
2021 General Obligation Refunding Bonds	4/21/2021	8/1/2036	3.00%	61,735,000	54,695,000
Accreted Interest					136,385,814
Total Measure E (1999)					256,308,324
Measure C (2006) General Obligation Bonds					
Series A	5/10/2007	8/1/2036	4.00 - 5.00%	149,995,250	21,455,250
Series B	5/10/2007	8/1/2036	4.00 - 5.00%	99,996,686	13,381,686
Series C	5/19/2011	8/1/2040	4.73 - 4.78%	184,000,000	-
Series D	10/19/2016	8/1/2038	3.00 - 4.00%	26,040,000	26,040,000
Series E	10/19/2016	8/1/2040	2.50 - 3.22%	30,765,000	30,765,000
2014 General Obligation Refunding Bonds	8/19/2014	8/1/2027	2.00 - 5.00%	85,400,000	10,755,000
2015 General Obligation Refunding Bonds	9/1/2015	8/1/2031	1.00 - 5.00%	83,100,000	82,565,000
2016 General Obligation Refunding Bonds	10/19/2016	8/1/2040	2.00 - 4.00%	201,735,000	126,505,000
2021 General Obligation Refunding Bonds	4/21/2021	8/1/2036	0.15 - 2.51%	96,025,000	93,360,000
Accreted Interest					41,642,135
Total Measure C (2006)					446,469,071
Measure G (2020) General Obligation Bonds					
Series A	4/21/2021	8/1/2041	2.13 - 3.00%	20,000,000	20,000,000
Series B	4/21/2021	8/1/2033	0.15 - 2.26%	90,000,000	10,430,000
Series C	5/7/2024	8/1/2041	5.00%	85,000,000	85,000,000
Total Measure G (2020)					115,430,000
Total General Obligation Bonds					$ 818,207,395

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2024 is as follows:

	Balance July 1 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Debt					
General Obligation Bonds	$ 603,653,754	$ 85,000,000	$ 48,474,308	$ 640,179,446	$ 47,378,868
Accreted Interest	195,192,626	14,615,481	31,780,158	178,027,949	14,820,614
General Obligation Bonds Premium, net	41,291,446	6,111,898	4,323,707	43,079,637	3,036,047
	840,137,826	105,727,379	84,578,173	861,287,032	65,235,529
Other long-term liabilities					
Net pension liability (Notes 9 and 10)	195,763,000	30,521,000	-	226,284,000	-
Net OPEB liability (Note 11)	71,381,950	-	8,870,917	62,511,033	-
Claims liability	5,380,616	-	-	5,380,616	803,042
Supplemental employee retirement plan (Note 8)	1,217,383	-	1,217,383	-	-
Medicare Premium Program (MPP)	15,559	351,600	-	367,159	-
Subscription liabilities	8,819,605	4,116,910	5,019,136	7,917,379	5,290,137
Compensated absences	8,195,778	412,484	-	8,608,262	258,248
	$ 1,130,911,717	$ 141,129,373	$ 99,685,609	$ 1,172,355,481	$ 71,586,956

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

NOTE 8 - SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

In August 2018, the board of trustees approved the implementation of the District's Supplemental Employee Retirement Plan for classified and faculty employees. A total of 88 employees, 52 classified and 36 faculty employees participate in the plan. The total cost to the District is approximately $5.85 million. The District paid the final payment for benefits of $1,170,561 and administrative costs of $46,822 during the fiscal year ended June 30, 2024.

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers and the State of California to bring CalSTRS toward full funding by 2046. Under the CalSTRS Funding Plan, authority to adjust contribution rates annually within approved ranges was delegated to the Board of CalSTRS.

(Continued)

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2022-23.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2022, valuation adopted by the CalSTRS board in May 2023, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2023.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

The CalSTRS Funding Plan authorizes the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rate increases effective for fiscal year 2023-24 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2023	8.250%	10.850%	19.100%
July 1, 2024 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed $15,549,717 to the plan for the fiscal year ended June 30, 2024.

State – The state is required to contribute 10.828 percent of the members' creditable compensation from the two fiscal years prior.

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022-23 for a total contribution rate of 10.828%.

The CalSTRS state contribution rates effective for fiscal year 2023-24 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding[1]	Total
July 01, 2023	2.017%	6.311%	2.50%	10.828%
July 01, 2024 to June 30, 2046	2.017%	[2]	2.50%	[2]
July 01, 2046	2.017%	[3]	2.50%	[3]

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.

(2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.

(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, 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:

District's proportionate share of the net pension liability	$ 94,991,000
State's proportionate share of the net pension liability associated with the District	45,514,000
Total	$ 140,505,000

(Continued)

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2024, the District's proportion was 0.13 percent, which was an increase of 0.03 percent in proportion as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of $18,168,254. In addition, the District recognized revenue of $7,279,873 and corresponding expense of $466,069, for a net of $6,813,804 for support provided by the State. At June 30, 2024, 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
Difference between expected and actual experience	$ 7,465,000	$ 5,083,000
Changes of assumptions	550,000	-
Net differences between projected and actual earnings on investments	407,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	17,482,000	16,259,000
Contributions made subsequent to measurement date	15,549,717	-
Total	$ 41,453,717	$ 21,342,000

$15,549,717 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ (5,224,583)
2026	$ (6,035,583)
2027	$ 7,564,417
2028	$ 1,042,083
2029	$ 3,057,833
2030	$ 4,157,833

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

NOTE 9 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	38%	5.25%
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash / Liquidity	2	(0.05)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 159,340,000	$ 94,991,000	$ 41,542,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at: https://www.calpers.ca.gov/docs/forms-publications/acfr-2023.pdf.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions*:* The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2024 were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2022-23.

Employers - The employer contribution rate was 26.68 percent of applicable member earnings.

The District contributed $18,293,824 to the plan for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the District reported a liability of $131,293,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2024 the District's proportion was 0.36 percent, which was a decrease of 0.01 percent from its proportion as of June 30, 2023.

For the year ended June 30, 2024, the District recognized a pension expense of $19,145,943. At June 30, 2024, 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
Difference between expected and actual experience	$ 4,791,000	$ 2,016,000
Changes of assumptions	6,049,000	-
Net differences between projected and actual earnings on investments	14,024,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	499,000	2,804,000
Contributions made subsequent to measurement date	18,293,824	-
Total	$ 43,656,824	$ 4,820,000

(Continued)

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$18,293,824 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ 5,640,667
2026	$ 4,129,666
2027	$ 10,336,167
2028	$ 436,500

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.8 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Expected Real Rates of Return Years 1-10 (1, 2)
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period
(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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.

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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 189,816,000	$ 131,293,000	$ 82,925,000

(Continued)

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 8, 9 and 10, the District established an Other Postemployment Benefit Plan (the Plan) which is an agent multiemployer defined benefit healthcare plan administered by the California Employers Retirement Benefit Trust (CERBT). CERBT serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Separate financial statements are prepared for the CERBT and can be found at https://www.calpers.ca.gov.

The District provides retirees, hired before July 1, 1997, their dependents, and domestic partners with health and hospital benefits, prescription drug benefits, vision care benefits, and dental care benefits, subject to eligibility requirements. Employees hired on or after July 1, 1997, are eligible for a health benefits bridge program to cover the period of time between retirement eligibility and Medicare coverage.

Contributions*:* The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2024:

	Number of Participants
Inactive Plan members receiving benefits	753
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	933
	1,686

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided*:* The following is a description of the current retiree benefit plan:

The following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit Types Provided	Medical, Dental, Vision, Part B Medicare	Medical, Dental, Vision, Part B Medicare	Medical, Dental, Vision, Part B Medicare
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years*	10 years*
Minimum Age	55	55*	55*
Dependent Coverage	Yes**	Yes**	Yes**
District Contribution	100%***	100%***	100%***
District Cap	Based on active benefit	Based on active benefit	Based on active benefit

*Certain employees with 20+ years' service may receive District-paid retiree health benefits earlier than age 55.
**The District's medical plan is secondary to other coverage the dependent may have.
***Retirees must contribute an amount that depends on the plan elected and the number of dependents covered.

The following is a description of the current retiree benefit plan available to employees hired after July 1, 1997:

	Faculty	Classified	Management
Benefit Types Provided	Medical	Medical	Medical,
Duration of Benefits	To Medicare age	To Medicare age	To Medicare age
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes*	Yes*	Yes*
District Contribution	100%	100%	100%
District Cap	Single: $500 per month Two Party: $1,000 per month	Single: $500 per month Two Party: $1,000 per month	Single: $500 per month Two Party: $1,000 per month

*The District's medical plan is secondary to other coverage the dependent may have.

Contributions to the Plan from the District were $9,331,747 for the year ended June 30, 2024. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: All Plan investments are held in the California Employers' Retiree Benefit Trust Program (CERBT) through CalPERS. The plan discount rate of 6.75% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return*
Equities	59.0%	7.55%
Fixed Income	25.0%	4.25%
Real estate investment trusts	8.0%	7.25%
All commodities	3.0%	7.55%
Treasury inflation protected securities (TIPS)	5.0%	3.00%

* Geometric average

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rolling periods of time for all asset classes in combination were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average. Additionally, the historic 16-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 50 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 16 years.

Net OPEB Liability

Actuarial Assumptions: The District's net OPEB liability for fiscal year ending June 30, 2024, 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 June 30, 2023. The total OPEB liability was determined using the actuarial assumptions shown as follows, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2023
Census data	The census was provided by the District as of June 30, 2023
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	6.75%
Discount rate	6.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used.
	For classified employees the 2021 CalPERS active mortality for miscellaneous employees were used.
Spouse prevalence	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2020 CalSTRS termination rates were used. For classified employees the 2021 CalPERS termination rates for school employees were used.
Retirement rates	For certificated employees the 2020 CalSTRS retirement rates were used. For classified employees the 2021 CalPERS retirement rates for school employees were used.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023	$ 101,629,864	$ 30,247,914	$ 71,381,950
Changes for the year:			
Service cost	626,796	-	626,796
Interest	6,621,023	2,101,969	4,519,054
Employer contributions	-	9,144,604	(9,144,604)
Benefit payments	(7,644,604)	(7,644,604)	-
Differences between actual and expected experience	(5,519,483)	-	(5,519,483)
Changes in assumptions	638,227	-	638,227
Administrative expenses	-	(9,093)	9,093
Net change	(5,278,041)	3,592,876	(8,870,917)
Balance at June 30, 2024	$ 96,351,823	$ 33,840,790	$ 62,511,033

Fiduciary Net Position as a % of the Total OPEB Liability at June 30, 2024: 35.1%

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to changes in the Discount Rate: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 70,840,642	$ 62,511,033	$ 55,294,795

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.0%)
Net OPEB liability	$ 54,741,272	$ 62,511,033	$ 71,433,300

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $3,904,657. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 10,043	$ 8,509,092
Changes of assumptions	2,861,217	-
Net differences between projected and actual earnings on investments	2,261,667	-
Contributions made subsequent to measurement date	9,331,747	-
Total	$ 14,464,674	$ 8,509,092

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of revenues related to OPEB will be recognized in pension expense as follows:

2025	$	(1,286,849)
2026	$	(1,012,338)
2027	$	709,403
2028	$	(719,523)
2029	$	(761,784)
Thereafter	$	(305,074)

NOTE 12 – FUNCTIONAL EXPENSES

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

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional activities	$ 90,822,931	$ 12,455,871	$ 1,824,265	$ -	$ -	$ 105,103,067
Academic support	29,755,741	4,354,970	1,558,933	-	-	35,669,644
Student services	7,097,414	1,059,860	4,308,957	-	-	12,466,231
Operation and maintenance of plant	6,387,540	1,257,054	5,423,295	-	-	13,067,889
Instructional support services	33,056,406	7,423,566	26,635,241	-	-	67,115,213
Community services and economic development	6,364,781	921,446	940,174	-	-	8,226,401
Ancillary services and auxiliary operatic	3,756,131	548,844	1,071,306	-	-	5,376,281
Transfers, student aid, and other outgo	-	-	-	36,501,376	-	36,501,376
Depreciation and amortization expense	-	-	-	-	42,545,467	42,545,467
	$ 177,240,944	$ 28,021,611	$ 41,762,171	$ 36,501,376	$ 42,545,467	$ 326,071,569

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

(Continued)

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

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

Purchase Commitments: As of June 30, 2024, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $19.2 million. Projects will be funded through unrestricted local, state funds and general obligation bonds.

NOTE 14 – RISK MANAGEMENT

Worker's Compensation: Effective March 1, 2003, the District is self-insured for certain risks and employee benefits. Workers' compensation claims are self-insured to $750,000. Excess insurance has been purchased which covers worker's compensation claims between $250,000 and $750,000. The estimate of incurred but not reported and reported claims was actuarially determined based upon historical experience and actuarial assumptions. The current and long-term portions of the liability for the unpaid claims for worker's compensation losses as of June 30, 2024 were $803,042 and $4,577,574 respectively.

Claims Liabilities: The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

Reported Liability	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Worker's Compensation	$ 5,380,616	$ 100,041	$ (100,041)	$ 5,380,616

NOTE 15 - JOINT POWERS AGREEMENTS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the 2023-24 fiscal year the District participates in the Statewide Association of Community Colleges joint powers authority (JPA) insurance pool for property and liability. The JPA is administered through Keenan & Associates, a public agency insurance pool administrator.

Statewide Association of Community Colleges (SWACC) provides liability and property insurance for fifty-seven of the seventy-three California community college districts. SWACC is governed by a board comprised of a representative for each of the participating members. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the board. Each member shares surpluses and deficits proportionately to its participation in SWACC. The SWACC JPA includes the following: Standard insurance pool program; and Schools Association for Excess Risk (SAFER) excess liability program. This consideration of loss exposure leverages the market and further spreads the risk of loss.

(Continued)

NOTE 15 - JOINT POWERS AGREEMENTS (Continued)

The most current condensed financial information derived from the SWACC JPA financial statement for the fiscal year ended June 30, 2023, the more recent financial statement available, is as follows:

	SWACC June 30,2023
Total assets	$ 53,832,864
Total liabilities	$ 38,735,435
Net position	$ 15,097,429
Total revenues	$ 36,482,648
Total expenses	$ 37,416,841
Change in net position	$ (934,193)

NOTE 16 – DONATED SERVICES AND FACILITIES

Donated facilities to the Foothill-De Anza Community Colleges Foundation totaling $86,143 for the year ended June 30, 2024 consisted of accounting and management support, comprehensive insurance, office space and other miscellaneous internal services provided by the District.

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

REQUIRED SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
Year ended June 30, 2024

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 412,154	$ 423,488	$ 435,134	$ 477,705	$ 490,842	$ 610,020	$ 626,796
Interest	7,262,034	7,298,943	7,324,225	6,846,312	7,102,496	6,640,764	6,621,023
Actuarial experience	-	-	(7,204,559)	-	(3,786,328)	-	(5,519,483)
Actual minus Expected Benefit Payments	-	37,284	(59,869)	-	-	8,767	-
Change in assumptions	-	-	-	-	4,205,996	-	638,227
Benefit payments	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)	(7,457,527)	(7,403,972)	(7,644,604)
Net change in total OPEB liability	626,646	453,475	(6,910,401)	(17,616)	555,479	(144,421)	(5,278,041)
Total OPEB liability, beginning of year	107,066,702	107,693,348	108,146,823	101,236,422	101,218,806	101,774,285	101,629,864
Total OPEB liability, end of year	$107,693,348	$108,146,823	$101,236,422	$101,218,806	$101,774,285	$101,629,864	$ 96,351,823
Plan fiduciary net position							
Employer contributions	$ 8,547,542	$ 8,768,956	$ 8,905,332	$ 8,841,633	$ 8,957,527	$ 8,903,972	$ 9,144,604
Actual investment income	1,474,081	1,364,217	1,437,170	1,633,470	7,102,132	2,311,312	2,101,969
Investment gains (losses)	-	-	(124,874)	(809,334)	-	(7,050,702)	-
Benefits payment	(7,047,542)	(7,306,240)	(7,405,332)	(7,341,633)	(7,457,527)	(7,403,972)	(7,644,604)
Actual minus Expected Benefit Payments	-	37,284	-	-	-	-	-
Administrative Expense	(12,538)	(31,884)	(4,471)	(11,546)	(9,777)	(8,705)	(9,093)
Change in plan fiduciary net position	2,961,543	2,832,333	2,807,825	2,312,590	8,592,355	(3,248,095)	3,592,876
Fiduciary trust net position, beginning of ye	13,989,363	16,950,906	19,783,239	22,591,064	24,903,654	33,496,009	30,247,914
Fiduciary trust net position, end of year	$ 16,950,906	$ 19,783,239	$ 22,591,064	$ 24,903,654	$ 33,496,009	$ 30,247,914	$ 33,840,790
Net OPEB liability, ending	$ 90,742,442	$ 88,363,584	$ 78,645,358	$ 76,315,152	$ 68,278,276	$ 71,381,950	$ 62,511,033
Covered employee payroll	$101,240,000	$100,791,000	$102,699,000	$100,174,000	$101,564,000	$109,246,000	$112,009,000
Total OPEB liability as a percentage of covered-employee payroll	89.63%	87.67%	76.58%	76.18%	67.23%	93.03%	86.02%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The schedule of changes in Net OPEB Liability reports prior year covered-employee payroll as of the measurement date.

See accompanying note to required supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Year ended June 30, 2024

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.15%	0.15%	0.14%	0.13%	0.13%	0.12%	0.13%	0.12%	0.10%	0.13%
District's proportionate share of the net pension liability	$ 89,739,321	$102,319,350	$114,042,210	$122,073,600	$115,802,820	$108,379,200	$122,105,340	$ 55,974,840	$ 67,666,000	$ 94,991,000
State's proportionate share of the net pension liability associated with the District	54,188,476	54,115,656	64,931,754	72,218,299	66,302,855	59,128,566	62,944,808	28,164,955	38,247,000	45,514,000
Total net pension liability	$143,927,797	$156,435,006	$178,973,964	$194,291,899	$182,105,675	$167,507,766	$185,050,148	$ 84,139,795	$105,913,000	$140,505,000
District's covered payroll	$ 62,500,000	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000	$ 70,400,000	$ 70,300,000	$ 68,100,000	$ 79,400,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	144%	158%	170%	169%	162%	152%	173%	80%	99%	120%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.00%	70.00%	69.00%	71.00%	73.00%	72.00%	87.00%	81.20%	80.62%

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

(Continued)

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended June 30, 2024

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.45%	0.44%	0.44%	0.43%	0.42%	0.40%	0.37%	0.38%	0.37%	0.36%
District's proportionate share of the net pension liability	$ 50,508,676	$ 64,924,007	$ 86,801,522	$102,174,896	$112,571,812	$117,480,477	$113,772,846	$ 76,823,484	$128,097,000	$131,293,000
District's covered payroll	$ 46,700,000	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000	$ 53,200,000	$ 54,600,000	$ 61,600,000	$ 67,700,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108%	134%	164%	186%	202%	210%	214%	141%	208%	194%
Plan fiduciary net position as a percentage of the total pension liability	83.00%	83.00%	74.00%	72.00%	71.00%	70.00%	70.00%	81.00%	69.76%	69.96%

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

See accompanying note to required supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year ended June 30, 2024

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 5,770,723	$ 7,276,038	$ 9,099,696	$ 10,329,430	$ 11,460,643	$ 11,935,159	$ 11,321,984	$ 11,480,264	$ 14,997,450	$ 15,549,717
Contributions in relation to the contractually required contributior	$ 5,770,723	$ 7,276,038	$ 9,099,696	$ 10,329,430	$ 11,460,643	$ 11,935,159	$ 11,321,984	$ 11,480,264	$ 14,997,450	$ 15,549,717
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000	$ 70,400,000	$ 70,300,000	$ 68,100,000	$ 79,400,000	$ 82,300,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%

(Continued)

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year ended June 30, 2024

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 5,722,845	$ 6,255,896	$ 7,593,407	$ 8,654,851	$ 10,093,326	$ 10,487,637	$ 11,269,837	$ 13,827,325	$ 16,732,943	$ 18,293,824
Contributions in relation to the contractually required contributior	$ 5,722,845	$ 6,255,896	$ 7,593,407	$ 8,654,851	$ 10,093,326	$ 10,487,637	$ 11,269,837	$ 13,827,325	$ 16,732,943	$ 18,293,824
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000	$ 53,200,000	$ 54,600,000	$ 61,600,000	$ 67,700,000	$ 70,700,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.09%	19.72%	20.70%	22.91%	25.37%	26.68%

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULE

Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years.

Schedule of the District's Proportionate Share of the Net Pension Liability: The schedule is intended to show trends about the rate of return on plan assets.

Schedule of the District's Contributions: The Schedule of the District's contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions:

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

	Measurement Period								
Assumption	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period								
Assumption	As June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Pell Grants (PELL)	84.063	-	$ 19,919,026
Federal Pell Administrative Allowance	84.063	-	25,184
Federal Supplemental Educational Opportunity Program (FSEOG)	84.007	-	478,620
Federal Work Study (FWS)	84.033	-	420,427
Federal Direct Student Loans	84.268	-	5,231,006
Subtotal Financial Assistance Cluster			26,074,263
COVID 19 Education Stabilization Fund	84.425	-	89,083
Strengthening Institutions Program	84.031	-	518,464
Passed through California Community College Chancellor's Office:			
Career Technical Education - Basic Grants to States	84.048	14-112-016	963,060
Total U.S. Department of Education			27,644,870
U.S. Department of Agriculture			
Passed through California Department of Education:			
Child and Adult Care Food Program	10.558	03628	28,513
Total U.S. Department of Agriculture			28,513
U.S. Department of Labor			
Passed through Employment Development Department State of California:			
Occupational Training Institute (OTI) - General Grants	17.258	03573	2,753
Pass through City of San Jose:			
DA-WIA NOVA	17.258	03573	412
Direct Programs:			
Veterans' Employment Program	17.802		2,912
Total U.S. Department of Labor			$ 6,077

(Continued)

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	-	$ 34,129
Pass through Santa Clara County:			
Substance Abuse Block Grant	93.959	-	4,999
Total U.S. Department of Health and Human Services			39,128
Corporation for National and Community Service			
AmeriCorps State and National	94.006	-	35,970
Total Corporation for National and Community Service			35,970
National Endowment for the Humanities			
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	-	12,192
Total National Endowment for the Humanities			12,192
U.S. National Science Foundation (R&D Cluster)			
National Science Foundation - Advanced Technological Education	47.076	-	107,645
Total U.S. National Science Foundation Programs (R&D Cluster)			107,645
U.S. Department of Treasury			
Passed through California Community College Chancellor's Office:			
COVID 19 SB85 Emergency Financial Assistance	21.027	-	872,097
Total U.S. Department of Treasury			872,097
Total Federal Programs			$ 28,746,492

Reconciliation to Federal Revenue	
Total Expenditures Federal Programs	$ 28,746,492
Federal Pell Administrative Allowance	(25,184)
Federal Direct Student Loans	(5,231,006)
Total Federal Program Revenue	$ 23,490,302

See accompanying note to supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
Year ended June 30, 2024

	Program Revenues				Total
	Cash Received	Accounts Receivable	Unearned Revenue	Total	Program Expenditures
A2MEND	$ 43,102	$ -	$ 24,157	$ 18,945	$ 18,945
AANHPI	259,200	-	223,219	35,981	35,981
Adult Education Block Grant	1,249,851	-	290,447	959,404	959,404
Basic Needs Center	1,523,519	-	937,928	585,591	585,590
BFAP Administration	996,606	-	33,435	963,171	963,171
Butte-Glenn OER	11,013	-	11,013	-	-
Cal Fresh Outreach	2,941	-	-	2,941	2,941
Cal Grant	2,605,558	56,102	28,725	2,632,935	2,632,935
Cal Works	387,290	-	76,588	310,702	310,702
Cal Works SSA	118,298	42,609	-	160,907	160,907
California Apprenticeship Initiative	-	1,000,475	-	1,000,475	738,307
California Education Learning Lab	144,636	165,773	-	310,409	310,409
Career Technical Education	6,285,695	1,781,385	2,211,597	5,855,483	5,855,483
CCAP Instructional Materials	57,765	-	57,464	301	301
CHAFEE	18,337	-	6,668	11,669	11,669
Child Development Center Bailout	565,084	-	-	565,084	565,084
Child Development Center State Contracts	897,309	238,203	-	1,135,512	1,135,512
Child Development Training Consortium	33,914	-	18,230	15,684	15,684
Classified Professional Development	107,361	-	107,361	-	-
Common Cloud Data Platform	-	190,750	-	190,750	190,750
Cooperative Agencies Resources for Education	301,671	-	172,562	129,109	129,109
COVID Recovery Block Grant	-	-	-	-	5,750,162
Culturally Competent Faculty PD	100,870	-	100,870	-	-
Culturally Reponsive Pedagogy and Practices	300,000	-	233,133	66,867	66,867
CVC/OEI	10,687,864	328,551	1,956,132	9,060,283	9,060,283
Disabled Student Services and Programs	4,586,487	-	-	4,586,487	4,586,487
Disaster Relief Emergency	12,488	-	12,488	-	-
Dream Resource Liaisons	340,322	-	102,439	237,883	237,883
Early Childhood Education	3,486	-	3,486	-	-
Emergency Financial Assistance Supplemental	595,590	-	533,590	62,000	62,000
Equal Employment Opportunity	665,879	-	645,413	20,466	20,466
Equitable Placement Support and Completion	881,329	-	704,451	176,878	176,878
Ethnic Studies	97,390	-	49,197	48,193	48,193
Extended Opportunity Programs and Services	2,850,301	-	386,081	2,464,220	2,464,220
Financial Aid and Basic Needs Stipend	50,000	-	41,453	8,547	8,547
Financial Aid Technology	95,671	-	-	95,671	95,671
First 5 CDC	96,647	-	96,647	-	-
Guided Pathw ays	745,130	-	374,376	370,754	370,754
Instructional Equipment	5,508,313	-	4,973,590	534,723	534,723
Learning Aligned Employment Program	141,000	-	-	141,000	141,000
LGBTQ+	421,132	-	388,841	32,291	32,292
Library Services Platform	24,830	-	14,967	9,863	9,863
Lottery-Instructional Materials	1,792,560	763,425	-	2,555,985	2,113,285
Mathematics, Engineering, Science Achievement (MESA)	1,769,729	56,000	1,243,257	582,472	582,472
Mental Health Support	1,052,874	-	497,732	555,142	555,142
Next Up	3,633,444	-	3,270,387	363,057	363,057
Nursing Education	219,040	-	125,873	93,167	93,167
Promise Grants (AB19)	4,248,752	-	783,817	3,464,935	3,464,935
Rising Scholars	221,947	-	136,555	85,392	85,392

(Continued)

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
Year ended June 30, 2024

	Program Revenues				Total
	Cash Received	Accounts Receivable	Unearned Revenue	Total	Total Program Expenditures
Student Equity and Achievement (SEA)	$ 18,092,271	$ -	$ 6,304,071	$ 11,788,200	$ 11,788,200
Student Food and Housing Support	1,723,080	-	1,454,232	268,848	268,848
Student Housing Planning	172,785	-	171,165	1,620	1,619
Student Retention and Enrollment	2,950,035	-	1,921,365	1,028,670	1,028,669
Student Success Completion Grants	12,283,587	-	6,452,940	5,830,647	5,830,647
Student Transfer Achievement Reform Act	1,130,434	-	1,119,350	11,084	11,084
TANF	25,938	8,191	-	34,129	34,129
Technology and Data Security	1,032,735	-	872,359	160,376	160,376
TTIP Telecom & Technology	46,884	-	46,884	-	-
UMOJA	398,418	-	334,859	63,559	63,559
Veteran Resource Center	613,209	-	526,361	86,848	86,848
Veterans Resource Center One-Time	67,642	-	23,969	43,673	43,673
Zero Textbook Cost Program	655,653	-	597,548	58,105	58,105
CDC State Meal Reimbursement	544	235	-	779	780
Total State Programs	$ 109,011,838	$ 4,631,699	$ 47,586,716	$ 66,056,821	$ 71,102,114

* Cash received includes funds received in prior years.

See accompanying note to supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT
Annual Attendance as of June 30, 2024

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	85	-	85
2. Credit	2,703	-	2,703
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	5,196	-	5,196
b. Daily Census Contact Hours	250	-	250
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	282	-	282
b. Credit	399	-	399
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	11,455	-	11,455
b. Daily Census Contact Hours	1,014	-	1,014
c. Noncredit Independent Study/ Distance Education Courses	219	-	219
D. Total FTES	21,603	-	21,603
Supplemental Information:			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	283	-	283
b. Credit	386	-	386
CCFS 320 Addendum			
CDCP	386	-	386
Centers FTES			
a. Noncredit	32	-	32
b. Credit	240	-	240

See accompanying note to supplementary information.

There were no adjustments proposed to any funds of the District.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024

Unrestricted Fund	$ 51,630,418	
Restricted Fund	25,293,675	
Debt Service Fund	77,684,964	
Child Development Fund	3,922,789	
Cafeteria Fund	1,154,376	
Capital Outlay Funds	178,260,675	
Enterprise Fund	1,801,399	
Self Insurance Fund	2,962,046	
Associated Students & Student Representation Funds	2,466,984	
All Other Funds	12,092	
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)		345,189,418
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and leased assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		474,311,708
Losses on refunding of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		29,563,832
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 9, 10 & 11):		
Deferred outflows of resources relating to pensions	85,110,541	
Deferred inflows of resources relating to pensions	(26,162,000)	
Deferred outflows of resources relating to OPEB	14,464,674	
Deferred inflows of resources relating to OPEB	(8,509,092)	
		64,904,123
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(13,163,231)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.The short term portion of compensated absences of $248,233 is already recorded in the General Fund. Long-term liabilities at June 30, 2024 consisted of (Note 6):		
General Obligation Bonds	(640,179,446)	
Accreted interest	(178,027,949)	
Bond premiums	(43,079,637)	
Net pension liability	(226,284,000)	
OPEB liability	(62,511,033)	
MPPP liability	(367,159)	
Subscription liabilities	(7,917,379)	
Compensated absences	(8,350,014)	
		(1,166,716,617)
Total net position - business-type activities		$ (265,910,767)

See accompanying note to supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
Year Ended June 30, 2024

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 34,889,810	$ -	$ 34,889,810	$ 34,889,810	$ -	$ 34,889,810
Other	1300	40,241,500	-	40,241,500	40,241,500	-	40,241,500
Total instructional salaries		75,131,310	-	75,131,310	75,131,310	-	75,131,310
Non-instructional salaries:							
Contract or regular	1200	-	-	-	18,130,036	-	18,130,036
Other	1400	-	-	-	875,858	-	875,858
Total non-instructional salaries		-	-	-	19,005,894	-	19,005,894
Total academic salaries		75,131,310	-	75,131,310	94,137,204	-	94,137,204
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	33,933,870	-	33,933,870
Other	2300	-	-	-	3,762,131	-	3,762,131
Total non-instructional salaries		-	-	-	37,696,001	-	37,696,001
Instructional aides:							
Regular status	2200	2,612,107	-	2,612,107	2,612,107	-	2,612,107
Other	2400	89,420	-	89,420	89,420	-	89,420
Total instructional aides		2,701,527	-	2,701,527	2,701,527	-	2,701,527
Total classified salaries		2,701,527	-	2,701,527	40,397,528	-	40,397,528
Employee benefits	3000	31,539,530	-	31,539,530	59,894,329	-	59,894,329
Supplies and materials	4000	-	-	-	2,927,119	-	2,927,119
Other operating expenses	5000	-	-	-	23,548,697	-	23,548,697
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		109,372,367	-	109,372,367	220,904,877	-	220,904,877

(Continued)

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
Year ended June 30, 2024

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110 Reported Data	Audit Adjustments	Revised Data	Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799 Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 4,477,544	$ -	$ 4,477,544	$ 4,477,544	$ -	$ 4,477,544
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and							-
retirement incentives	6740	-	-	-	4,729,560	-	4,729,560
Objects to exclude:							
Rents and leases	5060	-	-	-	257,135	-	257,135
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	4,853,610	-	4,853,610
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		4,477,544	-	4,477,544	14,317,849	-	14,317,849
Total for ECS 84362, 50% Law		$ 104,894,823	$ -	$ 104,894,823	$ 206,587,028	$ -	$ 206,587,028
Percent of CEE (instructional salary cost / Total CEE)		50.78%	0.00%	50.78%	100%	0%	100%
50% of current expense of education					$ 103,293,514	$ -	$ 103,293,514

See accompanying note to supplementary information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
Year Ended June 30, 2024

EPA Proceeds: $ 19,735,577

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	$ -	$ 19,735,577	$ -	$ -	$ 19,735,577

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Foothill-De Anza Community College District, and is presented on the accrual basis of accounting. The information in this schedule 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)*. 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. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Schedule of Workload Measures for State General Apportionment: Full-time equivalent students 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 on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited financial statements.

Reconciliation of Governmental Funds to the Statement of Net Position: This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

Reconciliation of ECS 84362 (50 Percent Law) Calculation: This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

Proposition 55 Education Protection Account (EPA) Expenditure Report: This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

OTHER INFORMATION

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2024 were as follows:

BOARD OF TRUSTEES

Members	Office	Term Expires
Peter Landsberger	President	Dec 2020-Nov 2024
Pearl Cheng	Vice President	Dec 2022-Nov 2026
Laura Casas	Member	Dec 2020-Nov 2024
Patrick J. Ahrens	Member	Dec 2022-Nov 2026
Gilbert Wong	Member	Dec 2020-Nov 2024

DISTRICT ADMINISTRATION

Lee Lambert
Chancellor

Susan Cheu
Vice Chancellor, Business Services

Pat Hyland
(Interim) Vice Chancellor, Human Resources

Jory Hadsell
Vice Chancellor, Technology

Kristina Whalen
President, Foothill College

(Interim) Christina Espinosa-Pieb
President, De Anza College

Fiscal Administration

Susan Cheu
Vice Chancellor, Business Services

Raquel Puentes-Griffith
Executive Director, Fiscal Services

Sirisha Pingali
Director, Budget Operations

Edith Aiwaz
Manager, Accounting

(Continued)

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Foothill-De Anza Community Colleges Foundation, established in 1996
Master Agreement signed 1998
Dennis Cima, Director

California History Center, established in 1987
Master Agreement signed in 1987
Lori Clinchard, Director

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with State Laws and Regulations

Opinion on Compliance with State Laws and Regulations

We have audited Foothill-De Anza Community College District's (the "District") compliance with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* applicable to community colleges in the State of California for the year ended June 30, 2024:

Description

SCFF Data Management Control Environment
SCFF Supplemental Allocation Metrics
SCFF Success Allocation Metrics
Salaries of Classroom Instructors (50 Percent Law)
Apportionment for Activities Funded From Other Sources
Student Centered Funding Formula Base Allocations: FTES
Residency Determination for Credit Courses
Students Actively Enrolled
Dual Enrollment (CCAP)
Scheduled Maintenance Program
Gann Limit Calculation
Apprenticeship Related and Supplemental Instruction (RSI) Funds
Disabled Student Programs and Services (DSPS)
Proposition 1D and 51 State Bond Funded Projects
Education Protection Account Funds
Student Representation Fee
State Fiscal Recovery Fees
COVID-19 Response Block Grant Expenditures

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2024.

(Continued)

Basis for Opinion on Compliance with State Laws and Regulations

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 the *Contracted District Audit Manual*. Our responsibilities under those standards and the *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 government 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 *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 of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *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 and to test and report on internal control over compliance in accordance with the *Contracted District Audit Manual*, 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.

(Continued)

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2024

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the business-type activities and the discretely presented component unit of Foothill-De Anza Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon date December 2, 2024. The financial statements of Foothill-De Anza Community Colleges Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Foothill-De Anza Community Colleges Foundation.

Report on Internal Control over Financial Reporting

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

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

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

(Continued)

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.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foothill-De Anza Community College District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Foothill-De Anza Community College District's major federal programs for the year ended June 30, 2024. Foothill-De Anza Community College 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, Foothill-De Anza 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, 2024.

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.

(Continued)

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 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.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2024

FINDINGS AND RECOMMENDATIONS

SECTION I – SUMMARY OF AUDITOR'S REPORT

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____	Yes	X	None reported
Noncompliance material to financial statements noted?	____	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____	Yes	X	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 2 CFR 200.516(a)?	____	Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Cluster
84.048	Career Technical Education - Basic Grants to States
21.027	COVID 19 SB85 Emergency Financial Assistance

Dollar threshold used to distinguish between Type A and Type B programs: $ 862,395

Auditee qualified as low-risk auditee?	X	Yes	____	No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

No matters were reported.