FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SANTA CLARA COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the fiduciary 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, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Foothill-De Anza Community Colleges Foundation (the discretely presented component unit) were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the discretely presented component unit, of the Foothill-De Anza Community College District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary information, as referenced in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary section, including the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The history and organization schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 9, 2021

INTRODUCTION TO THE BASIC 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, 2020. The previous year's financial statements that provide information on the District as a whole:

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

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

STATEMENT OF NET POSITION

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

STATEMENT OF NET POSITION (CONTINUED)

Net position in thousands as of June 30:

	2020	2019	Net Change
ASSETS			
Current Assets	$ 192,609	$ 196,741	$ (4,132)
Noncurrent Assets	653,996	697,894	(43,898)
Total Assets	846,605	894,635	(48,030)
DEFERRED OUTFLOWS OF RESOURCES	90,983	101,838	(10,855)
LIABILITIES			
Current Liabilities	109,584	116,193	(6,609)
Noncurrent Liabilities	1,130,530	1,150,645	(20,115)
Total Liabilities	1,240,114	1,266,838	(26,724)
DEFERRED INFLOWS OF RESOURCES	34,066	22,081	11,985
NET POSITION			
Net Investment in Capital Assets	(104,670)	(62,169)	(42,501)
Restricted	43,018	41,458	1,560
Unrestricted	(274,941)	(271,735)	(3,206)
Total Net Position	$ (336,592)	$ (292,446)	$ (44,146)

Assets

Total assets decreased by net $48 million or 5.4% over prior year due to a net $4.1 million and $43.9 million decrease in both in current assets and non-current assets respectively. The major changes affecting total assets are listed below:

- The of net $4.1 million decrease in current assets is mainly due the combined $21.4 million decrease in cash and a $15.8 million increase in accounts receivable, with the remaining $1.5 million increase in other nominal current assets.
    - Approximately $16.8 million in cash decrease is associated in the unrestricted general fund's deficit spending and restricted grant fund's payment carrying liability along with increase spending in connection with the statewide California Virtual Campus Online Educational Initiative (CVC-OEI) Grant for which the District is the fiscal agent.
    - Accounts receivable increases were also attributable to state sources, the largest of note being the state CVC-OEI grant's $11.7 million receivable.

- Noncurrent assets decreased by $43.9 million which is attributable to less asset capitalization in the amount of $38.4 million from tapering bond project activity. Restricted cash decreased by $5.5 million also as a result of the declining bond project activity.

Liabilities

Total liabilities decreased by approximately net $26.7 million; a change of 2.1%. The major changes affecting total liabilities are listed below:

- Current liabilities decreased by a net $6.6 million of which a significant carrying payable of $6.3 million was paid related to the restricted grant and categorical fund's CVC-OEI program.
- Noncurrent liabilities experienced a $20 million decrease with the major components related to a $9.7 million decrease in OPEB liability, $4.6 million decrease in bonds payable and $2.5 million decrease in net pension liability.

Deferred Outflows/Deferred Inflows of Resources

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

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

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. Refer to Note 8 for the District's deferred outflows and inflows of resources related to pensions.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

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

	2020	2019*	$ Change	% Change
OPERATING REVENUES				
Net Tuition and Fees	$ 58,674	$ 60,774	$ (2,100)	(3.5)%
Grants and Contracts, Noncapital	103,900	86,730	17,170	19.8
Auxiliary Enterprise, Net	5,924	8,745	(2,821)	(32.3)
Other	3,045	4,257	(1,212)	(28.5)
Total Operating Revenues	171,543	160,506	11,037	6.9
OPERATING EXPENSES				
Salaries	149,611	152,329	(2,718)	(1.8)
Benefits	67,373	73,745	(6,372)	(8.6)
Supplies, Materials, and Other Operating Expenses	79,051	61,738	17,313	28.0
Financial Aid	29,079	23,468	5,611	23.9
Utilities	3,371	3,633	(262)	(7.2)
Depreciation	44,136	41,164	2,972	7.2
Total Operating Expenses	372,621	356,077	16,544	4.7
OPERATING LOSS	(201,078)	(195,571)	(5,507)	2.8
NONOPERATING REVENUES				
State Apportionment, Noncapital	14,204	16,905	(2,701)	(16.0)
Federal Grants and Contracts	3,026	-	3,026	-
Local Property Taxes	124,882	119,170	5,712	4.8
State Taxes and Other Revenues	5,871	6,955	(1,084)	(15.6)
Investment Income, Noncapital	2,857	2,694	163	6.0
Interest Expense	(37,852)	(38,330)	478	(1.2)
Other Nonoperating Revenue	259	453	(194)	(42.8)
Total Nonoperating Revenues	113,247	107,847	5,400	5.0
LOSS BEFORE CAPITAL REVENUES	(87,831)	(87,724)	(107)	0.1
CAPITAL REVENUES	43,684	45,556	(1,872)	(4.1)
CHANGE IN NET POSITION	$ (44,147)	$ (42,168)	$ (1,979)	4.7%

*Amounts have been reclassified to conform to current year groupings

Operating Revenues

Total Operating Revenues increased net $11.0 million or 6.9% due to an increase of $20.2 million in grants and contracts with a $6.1 million decrease in other categories which are all related to the decline in enrollment and service based sales activity in the auxiliary enterprise operations such as bookstore and dining services as a result of the COVID-19 pandemic. The CVC-OEI grant program comprised the majority of the increased revenues with $19.4 million.

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

Operating Expenses

Total Operating Expenses increased by 4.7%, approximately net $16.5 million. Items of significance affecting the changes include:

- Benefits decreased by a net $6.4 million as a result of an $8.7 million decrease in STRS/PERS on-behalf payments and a $2.3 million increase in retiree and active benefits. This year's state budget, did not provide for the PERS on-behalf contributions or the supplemental STRS on-behalf contributions as in prior year. The first supplemental retirement program (SRP) payment of $1.1 million was made this year with remaining $1.2 million increase due to higher employer contribution rates for the District's STRS and PERS employees.

- The $17.3 million increase in supplies, materials and other operating expense was due to an $19.4 million increase in other operating expenses linked to the CVC-OEI project grant program with the remaining amount associated with reduced discretionary spending due to budget reductions and reduced operational activity associated with the pandemic.

- Financial Aid's increase expense of $5.6 million was due to higher aid distribution, due to $2.7 million in new CARES Act grants, an additional $1 million in PELL grants, and about $1.9 million in California promise grant student aid.

Nonoperating Revenues

Nonoperating Revenues increased by $5.4 million or 5.0% due to the net effect of the following:

- The state apportionment $2.7 million decrease is partially attributable to a .95% deficit factor lowering overall state apportionment revenue by $1.5 million. The remaining difference coupled with lower resident student enrollment fees reported under net tuition and fees is offset with $5.7 million in higher local property taxes due to the inverse relationship between local sources, resident student enrollment and property taxes, to state apportionment revenue that are part of the State's calculation model of base apportionment funding.

- The slight 6% or $162k increase in investment income is a result of higher general fund cash levels maintained in the first and second quarter of the year.

- Other Nonoperating Revenues declined by 42.8% or $194k due to significantly reduced commission income from food service and textbook vendors as a result of decreased operational activity.

Capital Revenues

The decrease of $1.9 million or 4.1% in capital revenues is primarily associated with $2.8 million in higher property tax revenue related to increased debt service that is slightly offset with lower state apportionment scheduled maintenance capital revenues.

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

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's other financial statements because these assets cannot be used to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had approximately $1.2 billion invested in capital assets. These assets have an accumulated depreciation of $572.8 million leaving the net capital asset value at $631.2 million which consists of land, construction in progress, buildings and improvements, vehicles, data processing equipment, and other office equipment. In fiscal year 2020, there were a combined fewer net capital asset and additions than accumulated depreciation which is the result of winding down the bond funded capital program. Depreciation expense of $44.1 million was recorded for fiscal year 2019-2020.

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:

	2020	2019	Net Change
Land and Construction in Progress	$ 51,818	$ 151,252	$ (99,434)
Buildings and Equipment	1,152,301	1,047,132	105,169
Accumulated Depreciation	(572,838)	(528,702)	(44,136)
Total Capital Assets	$ 631,281	$ 669,682	$ (38,401)

Debt

At June 30, 2020, the District had $1.2 billion in debt with a net decrease of $17.9 million resulting from a significant $9.7 million in net OPEB liability decrease, $6.1 million in lower bond, note and capital lease carrying levels, decrease of $3.9 million from a refined claims liability assessment and $2.5 million in net pension liability associated with STRS and PERS. Notes 8 through 14 provide additional information on long-term liabilities. A comparison is summarized herein.

Debt in thousands as of June 30:

	2020	2019	Net Change
Compensated Absences	$ 6,203	$ 5,752	$ 451
Capital Leases	573	1,703	(1,130)
Claims Liability	2,865	6,732	(3,867)
Early Retirement Incentive	4,682	-	4,682
Bonds and Notes Payable	834,421	840,560	(6,139)
OPEB Liability	78,645	88,364	(9,719)
Medicare Premium Program	722	450	272
Net Pension Liability	225,860	228,375	(2,515)
Total Long-Term Liabilities	$ 1,153,971	$ 1,171,936	$ (17,965)

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

Foothill-De Anza Community College District receives the majority of its operating income through the apportionment process, Cost of Living Adjustments (COLA), and categorical allocations. However, if the 10% reduction proposed in the Governor's May Revision to the State Budget had remained, the District would likely have moved to Community Supported (previously known as Basic Aid) status as its property tax and enrollment fee income would have been greater than the anticipated funding from the Student Centered Funding Formula (SCFF). The state budget ultimately reversed the Governor's proposed reduction to the community college system, but it is clear that the California Community College System will likely face serious financial challenges in the future and that Foothill-De Anza needs to prepare and plan for those challenges.

Though the State essentially left the community college system funding at the 2019-20 levels, the reversal of the proposed cuts were partly supported by the use of deferrals, the practice of moving cash payments from one fiscal year to another. A cash flow analysis was completed by district staff, and with careful planning the District should not be required to borrow funds due to cash flow needs in 2020-21; if the deferrals continue into future fiscal years this situation may change.

The District also continued to experience a decline in enrollment although not to the degree as in prior years; the 2019-20 loss was 268 FTES. The long-term effect of the pandemic situation on 2020-21 enrollment, both resident and non-resident, is uncertain at this time. While many districts across the state saw a significant increase in enrollment in the Summer, many then experienced a significant decrease in the Fall. The District was unusual in that resident enrollment was slightly higher than prior year's Summer session and basically flat for the Fall Quarter. Due to the ongoing pandemic restrictions, including visa issues caused by federal office closures, the early indications to nonresident enrollment for 2020-21 are showing a 27% decline in units during the Summer and Fall terms which translates to an approximately $6 million reduction in ongoing revenue after including the offset from a higher nonresident per unit tuition rate. As a result the District reduced its anticipated nonresident revenue by 20%, though it will continue to monitor the situation to evaluate the effect of ongoing political and economic changes.

The pandemic is also having an effect on District operations. It has been decided that Fall, Winter and Spring Quarters will be offered primarily through remote instruction, with only a small number of Allied Health courses allowed to hold classes on site. Although the District has received aid from the state and federal governments through various grants and the delivery of personal protective equipment from Cal OES (California Governor's Office of Emergency Services), the effects of the shelter-in-place mandate are ongoing and significant. In addition to the physical and operational changes needed to meet social distancing guidelines, severe fiscal effects are anticipated for any programs that rely on revenue generated by on site users, including Dining Services, the Bookstores, Facility Rentals and the Parking Fund. As a result, the long-term impacts are difficult to quantify and will continue to be followed throughout the year.

In spite of recently enacting $17.6 million in budget reductions with the start of the 2019–20 fiscal year, the District is anticipating that the 2021-22 budget will be adversely affected by the ongoing pandemic and its long-term economic effect. In spite of having two years added to the hold harmless provision of the SCFF, it should be noted that this provision must be funded as part of the state budget every year. Without the hold harmless funding, the District is likely to move into Community Supported status which would lead to a reduction in funding, not including any changes to nonresident revenue. As a result, both campuses and Central Services have been asked to provide $9.5 million in "collateral" or one-time

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

budget reductions that could be enacted as of July 1, 2021. These one-time adjustments would allow the District time to plan for any ongoing budget deficits. Though it is hoped that the reductions will not be required, the District feels this advance planning will position it to weather any short or long term changes to its financial situation and minimize the effect to its educational goals and activities.

The District's 2020-21 adopted budget has a projected $14.4 million structural ongoing budget deficit, offset by the temporary additional $14.1 million in funding provided by the hold-harmless clause in the SCFF. In addition, the District anticipates there will be another $3 million in ongoing costs related to a classification study it is currently conducting. The District projects an unrestricted general fund balance of approximately $32.1 million which includes $9.8 million for the recommended 5% catastrophic reserve, $7.7 million in the stability fund, $2.1 million in the Supplemental Retirement Plan Carryover and $12.5 million in other college/district designated reserves and encumbrance carryover.

The District continues to be committed to addressing long-term liabilities, specifically Other Postemployment Benefits (OPEB). During the 2019-20 fiscal year, a full valuation actuarial study was prepared under the new GASB 74/75 accounting standard to revise the liability. The report, dated February 13, 2020, with a valuation and measurement date of June 30, 2019 calculated the District's Total OPEB Liability at $101,236,422. Per CalPERS, the market value of the asset funds held with the CERBT as of June 30, 2019 was $24,911,322.

Consistent with prior years, the adopted budget for fiscal year 2020-21 planned for a $1.5 million contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust to fund the OPEB liability.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Foothill-De Anza Community College, Susan Cheu, Vice Chancellor of Business Services.

Separately issued financial statements for the Foothill-De Anza Community College Foundation Component unit may be obtained by contacting Robin Latta and 12345 El Monte Road, Los Altos Hills, CA 94022.

FINANCIAL STATEMENTS

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 156,334,683	$ 1,889,758
Accounts Receivable, Net	29,298,256	576,001
Inventory	1,484,024	-
Prepaid Expenses	4,407,536	-
Due from Fiduciary Funds	264,154	-
Due from Foundations	820,317	-
Total Current Assets	192,608,970	2,465,759
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	22,715,164	-
Investments	-	42,467,086
Capital Assets, Not Being Depreciated	51,817,642	-
Capital Assets, Net of Accumulated Depreciation	579,462,913	-
Total Noncurrent Assets	653,995,719	42,467,086
Total Assets	846,604,689	44,932,845
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	31,484,689	-
Deferred Outflows - Pensions	50,530,230	-
Deferred Outflows - OPEB	8,967,687	-
Total Deferred Outflows of Resources	90,982,606	-
Total Assets and Deferred Outflows of Resources	$ 937,587,295	$ 44,932,845

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government	Component Unit
CURRENT LIABILITIES		
Accounts Payable	$ 24,073,326	$ 608,407
Accrued Liabilities	7,537,539	207,070
Accrued Interest	13,042,472	-
Unearned Revenue	41,489,785	-
Current Portion of Long-Term Liabilities	23,440,585	-
Total Current Liabilities	109,583,707	815,477
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Liabilities	1,130,529,982	-
Total Noncurrent Liabilities	1,130,529,982	-
Total Liabilities	1,240,113,689	815,477
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	27,833,556	-
Deferred Inflows - OPEB	6,232,483	-
Total Deferred Inflows of Resources	34,066,039	-
NET POSITION		
Net Investment in Capital Assets	(104,669,975)	-
Restricted for:		
Debt Service	32,833,547	-
Scholarship and Loans	18,647	-
Other Special Purposes	10,166,205	-
Donor Restricted	-	34,894,013
Unrestricted	(274,940,857)	9,223,355
Total Net Position	(336,592,433)	44,117,368
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 937,587,295	$ 44,932,845

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020

	Primary Government	Component Unit
OPERATING REVENUES		
Tuition and Fees (Gross)	$ 68,992,758	$ -
Less: Scholarship Discounts and Allowances	(10,319,000)	-
Net Tuition and Fees	58,673,758	-
Grants and Contracts, Noncapital		
Federal	20,822,847	-
State	80,663,865	-
Local	2,413,784	4,999,331
Auxiliary	5,923,738	-
Other	3,045,388	-
Total Operating Revenues	171,543,380	4,999,331
OPERATING EXPENSES		
Salaries	149,610,587	2,080,979
Employee Benefits	67,373,093	675,375
Supplies, Materials, and Other Operating Expenses and Services	79,051,349	1,373,185
Financial Aid	29,079,377	1,321,097
Utilities	3,370,614	-
Depreciation	44,136,023	-
Total Operating Expenses	372,621,043	5,450,636
OPERATING INCOME (LOSS)	(201,077,663)	(451,305)
NONOPERATING REVENUES		
State Apportionments, Noncapital	14,204,368	-
Federal Grants and Contracts	3,025,892	-
Local Property Taxes	124,881,799	-
State Taxes and Other Revenues	5,871,337	-
Investment Income	2,856,826	432,098
Interest Expense	(37,852,456)	-
Other Nonoperating Revenue	259,202	-
Total Nonoperating Revenues	113,246,968	432,098
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(87,830,695)	(19,207)
OTHER REVENUES, EXPENSES, GAINS, AND LOSSES		
State Apportionments, Capital	1,144,971	-
Local Property Taxes	40,198,795	-
Interest and Investment Income, Capital	429,521	-
Local Revenue, Grants and Gifts, Capital	1,910,470	-
Total Other Revenues, Expenses, Gains and Losses	43,683,757	-
CHANGES IN NET POSITION	(44,146,938)	(19,207)
Net Position - Beginning of Year	(292,445,495)	44,136,575
NET POSITION - END OF YEAR	$(336,592,433)	$ 44,117,368

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2020

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 57,340,488	$ -
Federal Grants and Contracts	20,261,539	-
State Grants and Contracts	69,620,700	-
Local Grants and Contracts	2,245,763	4,249,328
Sales	5,650,706	-
Payments to Suppliers	(84,390,382)	(1,746,676)
Payments to/on Behalf of Employees	(212,639,278)	(2,713,713)
Payments to/on Behalf of Students	(29,079,377)	(668,713)
Net Cash Used by Operating Activities	(170,989,841)	(879,774)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Apportionments and Receipts	11,167,369	-
Property Taxes	123,990,635	-
Grants and Gifts for Other Than Capital Purposes	7,665,869	-
Local Receipts, Nonoperating	259,202	-
Net Cash Provided by Noncapital Financing Activities	143,083,075	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Apportionment for Capital Purposes	1,144,971	-
Net Purchases of Capital Assets	(6,364,117)	-
Proceeds from Capital Debt	429,521	-
Local Revenue for Capital Purposes	39,136,938	-
Principal Paid on Capital Debt	(16,773,678)	-
Interest Paid on Capital Debt	(19,468,504)	-
Net Cash Used by Capital and Related Financing Activities	(1,894,869)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	2,940,129	1,066,347
Purchase of Investments	-	(1,184,120)
Proceeds from Sale of Investments	-	1,361,045
Net Cash Provided by Investing Activities	2,940,129	1,243,272
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,861,506)	363,498
Cash Balance - Beginning of Year	205,911,353	1,526,260
CASH BALANCE - END OF YEAR	$ 179,049,847	$ 1,889,758

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2020

	Primary Government	Component Unit
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (Loss)	$(201,077,662)	$ (451,305)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	44,136,023	-
Realized and Unrealized Gain on Investments	-	-
Changes in Assets and Liabilities:		
Receivables, Net	(13,827,779)	(566,616)
Inventory	(201,867)	-
Prepaid Expenses	(969,074)	-
Due from Fiduciary Funds and Foundations	(263,392)	-
Deferred Outflows of Resources - Pensions and OPEB	8,885,420	-
Accounts Payable	(3,913,916)	95,506
Accrued Liabilities	1,607,648	42,641
Unearned Revenue	(6,654,606)	-
Compensated Absences	450,437	-
Claims Liability	(3,867,721)	-
Early Retirement Incentive	4,682,243	-
Medical Premium Program	272,200	-
Net OPEB Liability	(9,718,226)	-
Deferred Inflows of Resources - Pensions	11,985,386	-
Net Pension Liability	(2,514,955)	-
Net Cash Used by Operating Activities	$(170,989,841)	$ (879,774)

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020

	Associated Student Government Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 2,035,830
Due from Others	98,982
Accounts Receivable	4,857
Prepaid Expenses	23,788
Total Assets	$ 2,163,457
LIABILITIES	
Accounts Payable	$ 122,261
Due to Primary Government	264,154
Total Liabilities	386,415
NET POSITION	
Unrestricted	1,777,042
Total Net Position	1,777,042
Total Liabilities and Net Position	$ 2,163,457

See accompanying Notes to Financial Statements.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020

	Associated Student Government Custodial Funds
ADDITIONS	
Sales and Other Local Revenues	$ 1,430,079
Interest Income	38,269
Total Additions	1,468,348
DEDUCTIONS	
Services and Operating Expenditures	471,491
Salaries and Benefits	800,395
Student Financial Aid	30,989
Total Deductions	1,302,875
NET CHANGES IN NET POSITION	165,473
Net Position - Beginning of Year	1,611,569
NET POSITION - END OF YEAR	$ 1,777,042

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Foothill-De Anza Community College District (the District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the board of trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Foothill-De Anza Community College District Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The board of trustees of the Corporation and the District are the same. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Certificates of participation issued by the Corporation are included as long-term liabilities of the District; individual financial statements are not prepared.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents, are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

Investments

Investments are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Accounts Receivables

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent cash and cash equivalents required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance or to purchase capital assets

Capital Assets

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 for furniture and equipment and $150,000 for other capital expenditures including land, building, and improvements with an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure assets as defined in GASB Statement No. 34. Donated capital assets are recorded at estimated acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

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

Buildings	50 Years
Building Improvements	10 Years
Land Improvements	10 Years
Equipment and Vehicles	8 Years
Technology Equipment	3 – 5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following deferred outflows:

Deferred Charge on Refunding – A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions and OPEB – Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions and OPEB resulted from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plans. Deferred outflows are also recorded for the effects of actuarially-determined changes to the pensions and OPEB plans. These amounts are deferred and amortized as detailed in Notes 8 and 9 to the financial statements.

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable and other accrued expenses.

Unearned Revenue

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

Compensated Absences

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

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

Long-Term Obligations

Long-term debt and other obligations financed by proprietary funds are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

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

Medicare Premium Liability

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

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plan' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred Inflows – Pensions and OPEB: Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pensions and OPEB plans. These amounts are deferred and amortized as detailed in Notes 8 and 9 to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

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

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

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

State Apportionments

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

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

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 basic financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and federal and most state and local grants and contracts.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarships, Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported gross of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from non-operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as bookstore and food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Nonoperating revenues include activities that have the characteristics of non-exchange transactions that are defined as nonoperating revenues by GASB.

Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. District management is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2020.

NOTE 2 DEPOSITS

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2020, $3,443,495 of the District's bank balance of $3,693,495 was exposed to credit risk as uninsured and uncollateralized.

Cash in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Santa Clara County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2020 is measured at 101.20% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

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

Cash and cash equivalents as of June 30, 2020 are as shown as follows:

Primary Government	
Cash on Hand and in Banks	$ 1,628,923
Cash in Revolving Accounts	12,960
Cash With Fiscal Agent	27
Cash in County Treasury	177,407,937
Total Cash and Cash Equivalents	$ 179,049,847
Fiduciary Funds	
Cash on Hand and in Banks	$ 2,035,830
Total Cash and Cash Equivalents	$ 2,035,830

NOTE 2 DEPOSITS (CONTINUED)

Investments

Policies

Under provisions of California Government Code Sections 16430, 53601 and 53602 and District Board Policy Section 3130, the District may invest in the types of investments shown herein. The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2020.

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

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Credit Risk

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

Concentration of Credit Risk

The District places no limit on the amount that may be invested in one issuer.

Custodial Credit Risk

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

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 consists of the balances shown as follows:

Primary Government	
Federal and State	$ 19,536,117
Student	9,784,409
Less: Allowance for Bad Debt	(2,133,629)
Miscellaneous	2,111,359
Total Accounts Receivable	$ 29,298,256

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 to 30 days old, 7% for 31-60 days, 20% for 61-90 days, and 50% for amounts over 90 days.

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

A summary of changes for the District in capital assets for the year ended June 30, 2020 is shown as follows:

	Balance July 01, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	$ 2,489,777	$ -	$ -	$ 2,489,777
Construction in Progress	148,761,965	3,741,218	103,175,318	49,327,865
Total Capital Assets Not Being Depreciated	151,251,742	3,741,218	103,175,318	51,817,642
Capital Assets Being depreciated:				
Site Improvements	176,785,887	3,335,479	-	180,121,366
Buildings and Improvements	799,904,697	99,786,341	-	899,691,038
Equipment and Software	70,441,370	2,047,446	-	72,488,816
Total Capital Assets Being Depreciated	1,047,131,954	105,169,266	-	1,152,301,220
Less: Accumulated Depreciation for:				
Site Improvements	(104,942,199)	(11,674,063)	-	(116,616,262)
Buildings	(365,565,398)	(28,737,611)	-	(394,303,009)
Equipment	(58,194,687)	(3,724,349)	-	(61,919,036)
Total Accumulated Depreciation	(528,702,284)	(44,136,023)	-	(572,838,307)
Depreciable Assets, Net	518,429,670	61,033,243	-	579,462,913
Capital Assets, Net	$ 669,681,412	$ 64,774,461	$ 103,175,318	$ 631,280,555

Depreciation expense of $44,136,023 was recorded during the year.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2020 consists of the amounts shown as follows:

Primary Government - Accounts Payable	
Vendors	$ 22,993,774
Retention	1,079,552
Total Accounts Payable	24,073,326
Primary Government - Accrued Liabilities	
Payroll and Benefits	4,542,903
Accrued Expenses	2,994,636
Total Accrued Liabilities	7,537,539
Total Accounts Payable and Accrued Liabilities	$ 31,610,865
Fiduciary Funds	
Vendors	$ 122,261
Total Accounts Payable	$ 122,261

NOTE 6 UNEARNED REVENUE

Unearned revenue at June 30, 2020 consists of the amounts shown as follows:

Primary Government	
Federal Financial Assistance	$ 54,890
State Categorical Aid	32,965,859
Other State	475,169
Enrollment Fees	7,732,568
Other Local	261,299
Total Unearned Revenue	$ 41,489,785

NOTE 7 INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within funds has been eliminated in the basic financial statements.

NOTE 8 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2020, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as shown herein:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 108,379,200	$ 25,916,359	$ 22,538,950	$ 17,146,919
CalPERS - Schools Pool Plan	117,480,477	24,613,871	5,294,606	24,004,888
Total	$ 225,859,677	$ 50,530,230	$ 27,833,556	$ 41,151,807

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Continued)

The STRP provisions and benefits in effect at June 30, 2020, are summarized herein:

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement Program	
Hire Date	On or Before December 31, 2012	On or After January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

Contributions

Required member, District and state of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2020 are presented above and the total District contributions were $11,935,159.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as shown herein:

	June 30, 2020
District Proportionate Share of Net Pension Liability	$ 108,379,200
State's Proportionate Share of the Net Pension Liability Associated With the District	59,128,566
Total	$ 167,507,766

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2019, the District's proportion was 0.1200% which is a decrease of 0.0060% from its proportion measured as of June 30, 2018.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

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

For the year ended June 30, 2020, the District recognized pension expense of $17,146,919. In addition, the District recognized revenue and corresponding expense of $5,750,725 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 11,935,159	$ -
Difference Between Expected and Actual Experience	273,600	3,054,000
Change in Assumptions	13,707,600	-
Change in Proportion	-	15,310,150
Net Differences Between Projected and Actual Earnings on Plan Investments	-	4,174,800
Total	$ 25,916,359	$ 22,538,950

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2019 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs.

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

Year Ending June 30,	Amortization
2021	$ (1,358,081)
2022	(4,251,282)
2023	(1,257,500)
2024	1,045,921
2025	(1,715,484)
2026	(1,021,324)
Total	$ (8,557,750)

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the methods and assumptions shown herein, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method using 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. Best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. 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 herein:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.0 %	4.8 %
Private Equity	13.0	6.3
Real Estate	13.0	3.6
Fixed Income	12.0	1.3
Risk Mitigating Strategies	9.0	1.8
Inflation Sensitive	4.0	3.3
Cash/Liquidity	2.0	(0.4)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% Decrease (6.10%)	$ 161,385,600
Current Discount Rate (7.10%)	108,379,200
1% Increase (8.10%)	64,426,800

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized herein:

Provisions and Benefits	CalPERS-Schools Pool Plan	
Hire Date	On or Before December 31, 2012	On or after January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are as presented above and the total District contributions were $10,487,637.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $117,480,477. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.4031% which is a decrease of 0.0191% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $24,004,888. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 10,487,637	$ -
Difference Between Expected and Actual Experience	8,533,798	-
Changes of Assumptions	5,592,436	-
Changes in Proportion	-	4,204,953
Net Differences Between Projected and Actual Earnings on Plan Investments	-	1,089,653
Total	$ 24,613,871	$ 5,294,606

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2019 measurement date is 4.1 years.

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

Year Ending June 30,	Amortization
2021	$ 8,218,904
2022	245,833
2023	23,201
2024	343,690
Total	$ 8,831,628

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the methods and assumptions herein, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table herein:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50.0 %	6.0 %
Fixed Income	28.0	2.6
Real Assets	13.0	4.9
Private Equity	8.0	7.2
Liquidity	1.0	(0.9)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate (Continued)

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

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	$ 169,340,384
Current Discount Rate (7.15%)	117,480,477
1% Increase (8.15%)	74,459,103

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report available on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS.

Deferred Compensation

The District offers its employees retirement plans under Internal Revenue Code (IRC) Section 414(d) that include a Tax Sheltered Annuity Plan under IRC 403(b) and a Deferred Compensation Plan under IRC 457(b). The two plans are available to all permanent employees and permits them to defer a portion of pre-tax salary into investments of an individual's own choosing until a future year. The compensation deferred is not available to the employees or their beneficiaries until termination, retirement death, or an unforeseeable emergency. The District also offers a governmental plan for the benefit of certain designated employees in the positions of Chancellor, Vice Chancellor(s), and College President(s). The plan provides for employer contributions to a trust for the payment of definitely determinable benefits in accordance with IRC 401(a) compensation limitations and minimum required distribution rules.

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District provides postemployment health care benefits for retired employees.

Plan Description and Eligibility

The District established an Other Postemployment Benefit Plan (the Plan) which is an agent multiemployer defined benefit healthcare plan administered by the California Employers Retirement Benefit Trust (CERBT). CERBT serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Separate financial statements are prepared for the CERBT and can be found at https://www.calpers.ca.gov. The District provides retirees, hired before July 1, 1997, their dependents, and domestic partners with health and hospital benefits, prescription drug benefits, vision care benefits, and dental care benefits, subject to eligibility requirements. Employees hired on or after July 1, 1997, are eligible for a health benefits bridge program to cover the period of time between retirement eligibility and Medicare coverage.

Participant Type:	Number of Participants
Inactive Participants Currently Receiving Benefits	783
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	920
Total	1,703

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. The District contributed $8,905,332 to the plan, including the implicit rate subsidy, for fiscal year ended June 30, 2020.

Net OPEB Liability

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

	Balance June 30, 2020
Total OPEB Liability	$ 101,236,422
Plan Fiduciary Net Position	22,591,064
District's Net OPEB Liability	$ 78,645,358
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	22%

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Investments

All Plan investments are held in the California Employers' Retiree Benefit Trust Program (CERBT) through CalPERS.

Actuarial Methods and Assumptions

The District's net OPEB liability for fiscal year ending June 30, 2020, was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was determined using the actuarial assumptions shown as follows, applied to all periods included in the measurement, unless otherwise specified.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance - June 30, 2018	$ 108,146,823	$ 19,783,239	$ 88,363,584
Changes for the Year:			
Service Cost	435,134	-	435,134
Interest	7,324,225	-	7,324,225
Employer Contributions to Trust	-	1,500,000	(1,500,000)
Employer Contributions as Benefit Payments	-	7,405,332	(7,405,332)
Net Investment Income	-	1,437,170	(1,437,170)
Benefit Payments	(7,405,332)	(7,405,332)	-
Other	(59,869)	-	(59,869)
Experience (Gains) Losses	(7,204,559)		(7,204,559)
Investment Gains (Losses)		(124,874)	124,874
Administrative Expenses	-	(4,471)	4,471
Net Changes	(6,910,401)	2,807,825	(9,718,226)
Balances - June 30, 2019	$ 101,236,422	$ 22,591,064	$ 78,645,358

Mortality rates were based on the 2014 rates used by CalPERS and the 2009 rates used by STRS for the pension valuations. Inflation rate used was 2.75%.

The long-term expected rate of return on Plan investments was determined using a building-block method in which long-term return on employer assets is based on long-term historical trends for surplus funds invested pursuant to California Government Code Section 53601 et seq. Rolling periods of time for all asset classes in combination are looked at to appropriately reflect correlation between asset classes. That means that the average returns for any asset clad do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Asset Class	Percentage Portfolio	Assumed Gross Return
US Large Cap	43.0 %	7.8 %
US Small Cap	23.0	7.8
Long-Term Corporate Bonds	12.0	5.3
Long-Term Government Bonds	6.0	4.5
Treasury Inflated Protected Securities (TIPS)	5.0	7.8
US Real Estate	8.0	7.8
All Commodities	3.0	7.8

The discount rate used to measure the total OPEB liability was 7.0%.

Deferred Outflows of Resources and Deferred Inflows or Resources

The deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Deferred outflows and inflows of resources resulted from experience gains and losses. A year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods, not to exceed 6.7 years. Deferred outflows and inflows of resources resulted from investment gains and losses. A year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining four-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to Measurement Date	$ 8,841,634	$ -
Difference Between Experience Gains and Losses	26,154	6,163,757
Difference Between Investment Gains and Losses	99,899	68,726
Total	$ 8,967,687	$ 6,232,483

At June 30, 2020, the deferred inflows and outflows will be amortized as shown herein:

Year Ending June 30,	Amortization
2021	$ (1,093,040)
2022	(1,093,040)
2023	(1,093,040)
2024	(1,070,131)
2025	(1,096,776)
2026	(660,403)
Total	$ (6,106,430)

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

The following presents the District's net OPEB liability calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

Discount Rate	Net OPEB Liability
1% Decrease (6.0%)	$ 88,030,548
Current Discount Rate (7.0%)	78,645,358
1% Increase (8.0%)	70,612,330

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.0%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

Healthcare Trend Rate	Net OPEB Liability
1% Decrease (3.0%)	$ 70,394,544
Current Healthcare Trend Rate (4.0%)	78,645,358
1% Increase (5.0%)	88,112,888

OPEB Expense

For the year ended June 30, 2020, the District recognized OPEB expense of $5,233,620.

NOTE 10 SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has a Supplemental Employee Retirement Plan for classified and faculty employees. The accumulated future liability for the District at June 30, 2020 is $4,682,224.

In August 2018, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for classified and faculty employees.

A total of 88 employees, 52 classified and 36 faculty employees participate in the plan. The total cost to the District is approximately $5.85 million. The District will pay benefits of $1.17 million annually through 2023. The liability has been reflected in these financial statements as a long-term liability.

In addition, the district is obligated to pay approximately $46,822 annually for the administration fee.

NOTE 11 LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2020 is shown as follows:

	Balance July 01, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due in One Year
General Obligation Bonds	$ 763,324,901	$ 12,899,866	$ 14,143,296	$ 762,081,471	$ 15,863,446
Premiums, Net of Amortization	50,789,117	-	3,329,627	47,459,490	3,487,385
Certificates of Participation	25,020,000	-	1,500,000	23,520,000	1,435,000
Premiums, Net of Amortization	1,426,447	-	66,346	1,360,101	66,346
Total Bonds and Notes Payable	840,560,465	12,899,866	19,039,269	834,421,062	20,852,177
Compensated Absences	5,752,064	524,765	74,328	6,202,501	33,978
Capital Leases	1,703,002	-	1,130,382	572,620	572,620
Claims Liability	6,732,376	-	3,867,721	2,864,655	811,249
Early Retirement Incentive	-	5,852,805	1,170,561	4,682,244	1,170,561
OPEB Liability	88,363,584	-	9,718,226	78,645,358	-
Medicare Premium Program	450,250	272,200	-	722,450	-
Net Pension Liability	228,374,632	-	2,514,955	225,859,677	-
Total Other Liabilities	331,375,908	6,649,770	18,476,173	319,549,505	2,588,408
Total Long Term Debt	$ 1,171,936,373	$ 19,549,636	$ 37,515,442	$ 1,153,970,567	$ 23,440,585

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

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers’ Retirement Plan (the STRP). The District’s proportionate share of the liability is 0.199%. As the plan activity and the District’s proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

NOTE 12 GENERAL OBLIGATION BONDS

	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2020
Measure E General Obligation Bonds					
Series A	5/3/2000	8/1/2030	4.30 - 6.26%	$ 99,995,036	$ 12,311,336
Series B	9/9/2003	8/1/2036	2.00 - 5.79%	90,100,063	49,990,063
Series C	9/20/2005	8/1/2034	3.00 - 5.03%	57,904,900	21,007,253
2002 General Obligation Refunding Bonds	10/02/02	08/01/30	2.00 - 5.00%	67,475,000	-
2005 General Obligation Refunding Bonds	9/20/2005	8/1/2021	3.00 - 5.25%	22,165,000	9,320,000
2012 General Obligation Refunding Bonds	5/3/2012	8/1/2030	0.25 - 5.00%	70,735,000	51,980,000
2014 General Obligation Refunding Bonds	8/19/2014	8/1/2036	2.00 - 5.00%	17,615,000	17,615,000
Accreted Interest					125,583,646
Total 1999 Election Bonds					287,807,298
Measure C 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	74,345,000
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	197,185,000
Accreted Interest					28,537,236
Total 2006 Election Bonds					474,274,173
Total					$ 762,081,471

General Obligation Bonds

Measure E

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

Series A was sold on May 3, 2000 for a total of $99,995,036.

Series B was sold on September 9, 2003, for a total of $90,100,063.

Series C was sold on September 20, 2005 for a total of $57,904,900.

On October 2, 2002, the District issued General Obligation Refunding Bonds in the amount of $67,475,000 for the purpose of refunding a portion of the Measure E, Series A General Obligations Bonds.

On September 20, 2005, the District issued General Obligation Refunding Bonds in the amount of $22,165,000 for the purpose of refunding a portion of the Measure E, Series B General Obligation Bonds.

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds (Continued)

Measure E (Continued)

On May 3, 2012, the District issued General Obligation Refunding Bonds in the amount of $70,735,000 for the purpose of refunding portions of the Measure E, Series B, Series C General Obligation Bonds, and the 2002 Refunding Obligation Bonds.

On August 19, 2014, the District issued General Obligation Refunding Bonds in the amount of $103,015,000 for the purpose of refunding portions of Measure E Series C General Obligation Bonds ($17,615,000), and Measure C Series A and B General Obligation Bonds ($85,400,000). The economic gain on the bond refunding was $9,845,042.

Measure C

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 fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $490,800,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction, modernization, and renovation of certain District facilities approved by the District's registered voters and to pay costs of issuance associated with the Bonds.

Series A was sold on May 10, 2007 for a total of $149,995,250.

Series B was sold on May 10, 2007, for a total of $99,996,686.

Series C was sold on May 19, 2011 for a total of $184,000,000.

Series D was sold on October 19, 2016, for a total of $26,040,000.

Series E was sold on October 19, 2016, for a total of $30,765,000.

On September 1, 2015, the District issued General Obligation Refunding Bonds in the amount of $83,100,000 for the purpose of refunding portions of the Measure C Series A and B General Obligation Bonds. The economic gain on the bond refunding was $5,391,724.

On October 19, 2016, the District issued General Obligation Refunding Bonds in the amount of $201,735,000 for the purpose of refunding $184,000,000 of the Measure C Series C General Obligation Bonds. The economic gain on the bond refunding was approximately $22.9 million.

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Measure G

On March 4, 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. No Measure G bonds have been issued as of the date of this report. The bylaws of the Independent Citizen's Bond Oversight Committee have been revised to expand their duties to include oversight of the expenditures of bond proceeds for both Measure C and Measure G projects.

Debt Maturity

General Obligation Bonds

The bonds mature through the fiscal years ending June 30, 2041 are shown herein:

Measure E, Series A

Year Ending June 30,	Principal	Interest
2021	$ 1,893,446	$ 4,531,553
2022	973,817	2,551,184
2023	994,571	2,855,430
2024	1,011,393	3,168,607
2025	1,026,226	3,503,774
2026-2030	5,323,306	23,206,694
2031	1,088,577	5,916,423
Total	12,311,336	$ 45,733,665
Accreted Interest	45,713,026	
Total	$ 58,024,362	

Measure E, Series B

Year Ending June 30,	Principal	Interest
2021	$ -	$ 712,500
2022	-	712,500
2023	5,590,000	544,800
2024	6,285,000	188,550
2025	2,187,604	4,847,396
2026-2030	10,787,080	30,947,920
2031-2035	17,422,170	74,017,830
2036-2037	7,718,209	41,276,791
Total	49,990,063	$ 153,248,287
Accreted Interest	58,445,102	
Total	$ 108,435,165	

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity (Continued)

General Obligation Bonds (Continued)

Measure E, Series C

Year Ending June 30,	Principal	Interest
2021	$ -	$ -
2022	-	-
2023	-	-
2024	1,332,915	1,777,085
2025	1,355,038	1,984,962
2026-2030	7,127,217	13,672,783
2031-2035	11,192,083	30,867,917
Total	21,007,253	$ 48,302,747
Accreted Interest	21,425,518	
Total	$ 42,432,771	

2005 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	4,390,000	374,063
2022	4,930,000	129,413
Total	$ 9,320,000	$ 503,476

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity (Continued)

General Obligation Bonds (Continued)

2012 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	$ 2,090,000	$ 2,525,850
2022	5,660,000	2,353,000
2023	6,180,000	2,057,000
2024	3,695,000	1,810,125
2025	3,980,000	1,618,250
2026-2030	24,485,000	4,692,625
2031	5,890,000	147,250
Total	$ 51,980,000	$ 15,204,100

2014 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	$ -	$ 880,750
2022	-	880,750
2023	-	880,750
2024	-	880,750
2025	-	880,750
2026-2030	-	4,403,750
2031-2035	4,535,000	4,290,375
2036-3037	13,080,000	589,250
Total	$ 17,615,000	$ 13,687,125

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity (Continued)

General Obligation Bonds (Continued)

Measure C, Series A

Year Ending June 30,	Principal	Interest
2021	$ -	$ -
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026-2030	-	-
2031-2035	13,005,102	31,714,898
2036-2037	8,450,149	24,424,851
Total	21,455,250	$ 56,139,750
Accreted Interest	17,642,648	
Total	$ 39,097,898	

Measure C, Series B

Year Ending June 30,	Principal	Interest
2021	$ -	$ -
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026-2030	-	-
2031-2035	8,154,837	19,620,163
2036-2037	5,226,849	14,898,151
Total	13,381,686	$ 34,518,314
Accreted Interest	10,894,589	
Total	$ 24,276,275	

Measure C, Series D

Year Ending June 30,	Principal	Interest
2021	$ -	$ 875,300
2022	-	875,300
2023	-	875,300
2024	-	875,300
2025	340,000	868,500
2026-2030	5,510,000	3,729,000
2031-2035	-	3,028,500
2036-2040	11,810,000	2,728,200
2041	8,380,000	125,700
Total	$ 26,040,000	$ 13,981,100

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity (Continued)

General Obligation Bonds (Continued)

Measure C, Series E

Year Ending June 30,	Principal	Interest
2021	$ -	$ 955,535
2022	-	955,535
2023	-	955,535
2024	-	955,535
2025	-	955,535
2026-2030	2,900,000	4,663,110
2031-2035	11,720,000	3,569,232
2036-2039	16,145,000	1,076,724
Total	$ 30,765,000	$ 14,086,740

2014 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	$ 6,665,000	$ 3,517,300
2022	7,530,000	3,195,750
2023	8,530,000	2,794,250
2024	9,605,000	2,340,875
2025	10,755,000	1,831,875
2026-2028	31,260,000	2,042,000
Total	$ 74,345,000	$ 15,722,050

2015 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	$ -	$ 3,650,525
2022	-	3,650,525
2023	-	3,650,525
2024	-	3,650,525
2025	-	3,650,525
2026-2030	42,100,000	15,673,825
2031-2032	40,465,000	1,809,888
Total	$ 82,565,000	$ 35,736,338

NOTE 12 GENERAL OBLIGATION BONDS (CONTINUED)

Debt Maturity (Continued)

General Obligation Bonds (Continued)

2016 Refunding Bond

Year Ending June 30,	Principal	Interest
2021	$ 825,000	$ 6,914,100
2022	1,205,000	6,873,500
2023	1,610,000	6,817,200
2024	2,040,000	6,744,200
2025	2,175,000	6,659,900
2026-2030	11,325,000	34,161,975
2031-2035	20,365,000	34,290,825
2036-2040	116,490,000	25,668,975
2041	41,150,000	914,175
Total	$ 197,185,000	$ 129,044,850

NOTE 13 CERTIFICATES OF PARTICIPATION

On November 1, 2006, the Financing Corporation issued Certificates of Participation (2006 Certificates) in the amount of $11,335,000 for the construction and renovation of certain District facilities and the acquisition and installation of equipment, pay capitalized interest with respect to the 2006 Certificates through approximately June 30, 2008, and pay costs related to the execution and delivery of the Certificates. The 2006 Certificates bear effective interest rates ranging from 3.5% to 4.0% and mature through 2021.

On December 21, 2016, the Financing Corporation issued Certificates of Participation (Refunding Certificates) in the amount of $27,765,000 to refund $4,745,000 in principal outstanding on the 2006 Certificates, to refund $786,993 in outstanding principal on a capital lease issued on April 5, 2005 and for the construction and renovation of certain District facilities and the acquisition and installation of equipment, pay capitalized interest with respect to the Refunding Certificates and pay costs related to the execution and delivery of the Refunding Certificates. The Refunding Certificates bear effective interest rates ranging from 2.0% to 5.0% and mature through 2041.

Certificates of Participation, Refunding

Year Ending June 30,	Principal	Interest
2021	$ 1,435,000	$ 1,050,350
2022	705,000	978,600
2023	735,000	950,400
2024	760,000	921,000
2025	795,000	890,600
2026-2030	4,575,000	3,845,200
2031-2035	5,705,000	2,711,500
2036-2040	7,190,000	1,223,550
2041	1,620,000	64,800
Total	$ 23,520,000	$ 12,636,000

NOTE 14 CAPITAL LEASES

On April 5, 2005, the district entered into a capital lease agreement with CitiMortgage, Inc., since acquired by PNCEF, LLC, to finance the purchase and installation of Photovoltaic Solar Collecting Systems at Foothill College and De Anza College. The amount of the lease is $3,188,626 with effective interest rates of 4.14% and mature through September, 2020.

On August 19, 2013, the district entered into a capital lease agreement with Capital One Public Funding, LLC, to refinance the 2003 Certificate of Participation of $18.2 million. The refinanced lease amount of $7,580,000 constitutes the remainder of the refinanced $18.2 million 2003 Certificates of Participation with effective interest rates of 1.75% and mature through 2021.

The assets associated with the capital leases are included in capital assets, which includes the accumulated depreciation.

The District's liability on capital leases is summarized as follows:

Year Ending June 30,	Principal	Interest
2021	$ 572,620	$ 5,010
Total	$ 572,620	$ 5,010

NOTE 15 RISK MANAGEMENT

Property and Liability Insurance Coverages

During fiscal year ending June 30, 2020, the District contracted with commercial insurers for property coverage and the schools Excess Liability Fund Joint Powers Authority (SELF) for excess liability insurance coverage.

Workers' Compensation

Effective March 1, 2003, the District is self-insured for certain risks and employee benefits. Workers' compensation claims are self-insured to $750,000. Excess insurance has been purchased which covers worker's compensation claims between $250,000 and $750,000. The estimate of incurred but not reported and reported claims was actuarially determined based upon historical experience and actuarial assumptions. The current and long term portions of the liability for the unpaid claims for workers' compensation losses as of June 30, 2020 were $811,249 and $2,053,406 respectively. During the fiscal year, the liability arising from the worker's compensation claims were reassessed by a third party actuary which refined and updated the factors used in the liability calculations to yield a more accurate estimate resulting in a decrease of $3,867,721 of liability as of June 30, 2020.

NOTE 15 RISK MANAGEMENT (CONTINUED)

Health Care

The District is self-insured for dental and vision coverage and has contracted with CalPERS to provide health care coverage. Participating eligible full-time employees are provided a negotiated average per employee per month (PEPM) contribution for health, dental and vision plan premium costs. For the 2020 Plan Year, the PEPM was $1,011 or $12,132 for the year.

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

Insurance Coverages

Insurance Program/Company Name	Type of Coverage	Limits
Argonaut Insurance	General Liability	$250,000 - $5,000,000
Schools Excess Liability Fund (SELF)	Excess Liability	$5,000,000 - $50,000,000
Zurich Insurance	Property Insurance	$100,000 - $100,000,000
Arrowhead Insurance	Excess Property	$100,000,000 - $200,000,000
Nationwide Scottsdale Insurance	Excess Property	$200,000,000 - $250,000,000
Arch Insurance	Excess Workers Compensation	$750,000 - $1,000,000

Claims Liabilities

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

Reported Liability	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Worker's Compensation	$ 6,732,376	$(3,754,635)	$ 113,086	$ 2,864,655

NOTE 16 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Schools Excess Liability Fund (SELF) Joint Powers Authority (JPA), a statewide JPA established as a program to pool excess liability and workers' compensation coverage for participating California agencies, and the South Bay Regional Public Safety Training Consortium Joint Powers Authority (JPA) established as a program to provide training and educational programs that will be responsive to the needs of the participating California Community College Districts. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2020, the District made payments of $1,491 to the South Bay Regional Public Safety Training Consortium and $149,280 to SELF.

NOTE 17 FUNCTIONAL EXPENSE

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

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Utilities	Financial Aid	Depreciation	Total
Instructional Activities	$ 80,769,425	$ 32,584,336	$ 2,259,582	$ 2,162	$ -	$ -	$ 115,615,505
Academic Support	14,421,803	5,544,703	1,806,461	5,823	-	-	21,778,790
Student Services	15,285,527	6,511,981	3,880,465	2,081	-	-	25,680,054
Operation and Maintenance of Plant	5,922,799	3,115,952	3,732,797	3,260,355	-	-	16,031,903
Instructional Support Services	25,081,941	16,712,148	64,396,538	96,001	-	-	106,286,628
Community Services and Economic Development	2,237,253	764,628	990,889	2,686	-	-	3,995,456
Ancillary Services and Auxiliary Operations	5,891,839	2,139,345	1,984,617	1,506	-	-	10,017,307
Transfers, Student Aid, and Other Outgo	-	-	-	-	29,079,377	-	29,079,377
Depreciation Expense	-	-	-	-	-	44,136,023	44,136,023
Total	$ 149,610,587	$ 67,373,093	$ 79,051,349	$ 3,370,614	$ 29,079,377	$ 44,136,023	$ 372,621,043

NOTE 18 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 believe that any required reimbursement will not be material.

Accreditation

The District's two Colleges maintain their accreditation by fulfilling criteria that are determined by the Accrediting Commission of Community Junior Colleges (ACCJC). Throughout its continuous seven-year review cycle, each College conducts and publishes several review instruments, including an annual report, annual fiscal report, midterm report, comprehensive institutional self-study, and an evaluation review by a team of peers. The District's two Colleges completed their accreditation comprehensive visits in Fall 2017. The ACCJC reaffirmed both Colleges' accreditation for the full seven-year cycle through 2024.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration.

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2021	$ 140,875
2022	140,875
2023	140,875
2024	140,875
Total	$ 563,500

Purchase Commitments

As of June 30, 2020, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $3.1 million. Projects will be funded through unrestricted local, state funds and general obligation bonds.

NOTE 19 DONATED SERVICES AND FACILITIES

Donated services and facilities to the Foothill-De Anza Community Colleges Foundation totaling $75,964 for the year ended June 30, 2020 consisted of accounting and management support, comprehensive insurance, office space and other miscellaneous internal services provided by the District.

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

NOTE 20 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2020, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

NOTE 20 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 87 – Leases

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effective date has been postponed to fiscal year 2021-22.

Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100% equity interest is acquired in that component unit. The statement effective date has been postponed to fiscal year 2020-21.

Statement No. 91 – Conduit Debt Obligations

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 92 – Omnibus 2020

This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date been postponed to fiscal year 2022-23.

Statement No. 93 – Replacement of Interbank Offered Rates (IBOR)

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

NOTE 20 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 94 – Public-Private & Public-Public Partnerships and Availability Payment Arrangements

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the fiscal year 2022-23.

Statement No. 96 – Subscription-based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The statement is effective for the fiscal year 2022-23.

Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Some requirements are effective upon issuance of the statement and for other requirements the effective date is fiscal year 2021-22.

REQUIRED SUPPLEMENTARY INFORMATION

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FISCAL YEAR ENDED JUNE 30, 2020

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.1536%	0.1502%	0.1410%	0.1320%	0.1260%	0.1200%
District's Proportionate Share of Net Pension Liability	$ 89,739,321	$ 102,319,350	$ 114,042,210	$ 122,073,600	$ 115,802,820	$ 108,379,200
State's Proportionate Share of Net Pension Liability Associated With the District	54,188,476	54,115,656	64,931,754	72,218,299	66,302,855	59,128,566
Total	$ 143,927,797	$ 156,435,006	$ 178,973,964	$ 194,291,899	$ 182,105,675	$ 167,507,766
District's Prior Year Covered Payroll	$ 62,500,000	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	143.58%	157.66%	169.96%	169.08%	161.51%	152.22%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.00%	74.00%	70.04%	69.46%	71.00%	71.00%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.4455%	0.4405%	0.4395%	0.4280%	0.4222%	0.4031%
District's Proportionate Share of Net Pension Liability	$ 50,508,676	$ 64,924,007	$ 86,801,522	$ 102,174,896	$ 112,571,812	$ 117,480,477
District's Prior Year Covered Payroll	$ 46,700,000	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	108.16%	133.59%	164.40%	186.79%	201.74%	210.16%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.00%	79.00%	73.90%	71.87%	71.00%	71.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The proportionate share of net pension liability reports prior year covered payroll as of the measurement date.

See accompanying Notes to Required Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FISCAL YEAR ENDED JUNE 30, 2020

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	$ 5,770,723	$ 7,276,038	$ 9,099,696	$ 10,329,430	$ 11,460,643	$ 11,935,159
Contributions in Relation to Contractually Required Contribution	5,770,723	7,276,038	9,099,696	10,329,430	11,460,643	11,935,159
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -
District's Current Year Covered Payroll	$ 64,900,000	$ 67,100,000	$ 73,400,000	$ 71,700,000	$ 71,200,000	$ 70,388,000
Contributions as a Percentage of Covered Payroll	8.89%	10.84%	12.40%	14.40%	16.10%	16.96%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	$ 5,722,845	$ 6,255,896	$ 7,593,407	$ 8,654,851	$ 10,093,326	$ 10,487,637
Contributions in Relation to Contractually Required Contribution	5,722,845	6,255,896	7,593,407	8,654,851	10,093,326	10,487,637
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -
District's Current Year Covered Payroll	$ 48,600,000	$ 52,800,000	$ 54,700,000	$ 55,800,000	$ 55,900,000	$ 53,180,000
Contributions as a Percentage of Covered Payroll	11.78%	11.85%	13.88%	15.51%	18.06%	19.72%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FISCAL YEAR ENDED JUNE 30, 2020

	2018	2019	2020
TOTAL OPEB LIABILITY			
Service Cost	$ 412,154	$ 423,488	$ 435,134
Interest	7,262,034	7,298,943	7,324,225
Experience (Gains) Losses	-	-	(7,204,559)
Actual minus Expected Benefit Payments	-	37,284	(59,869)
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)
NET CHANGE IN TOTAL OPEB LIABILITY	626,646	453,475	(6,910,401)
Total OPEB Liability - Beginning of Year	107,066,702	107,693,348	108,146,823
TOTAL OPEB LIABILITY - END OF YEAR (a)	$ 107,693,348	$ 108,146,823	$ 101,236,422

	2018	2019	2020
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	$ 8,547,542	$ 8,768,956	$ 8,905,332
Net Investment Income	1,474,081	1,364,217	1,437,170
Investment Gains (Losses)	-	-	(124,874)
Benefit Payments	(7,047,542)	(7,306,240)	(7,405,332)
Actual Minus Expected Benefit Payments	-	37,284	-
Administrative Expense	(12,538)	(31,884)	(4,471)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,961,543	2,832,333	2,807,825
Plan Fiduciary Net Position - Beginning of Year	13,989,363	16,950,906	19,783,239
PLAN FIDUCIARY NET POSITION - END OF YEAR (b)	$ 16,950,906	$ 19,783,239	$ 22,591,064
NET OPEB LIABILITY - END OF YEAR (a) - (b)	$ 90,742,442	$ 88,363,584	$ 78,645,358
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	15.74%	18.29%	22.32%
Covered-Employee Payroll	$ 101,240,000	$ 100,791,000	$ 102,699,000
Net OPEB Liability as a Percentage of Covered-Employee Payroll	89.63%	87.67%	76.58%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

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

See accompanying Notes to Required Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2018-19
CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18
CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16
CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None

Changes of Assumptions - None

SUPPLEMENTARY INFORMATION

The board of trustees and the District Administrators for the fiscal year ended June 30, 2020 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Pearl Cheng	President	2018-2022
Peter Landsberger	Vice President	2016-2020
Patrick J. Ahrens	Member	2018-2022
Laura Casas	Member	2016-2020
Gilbert Wong	Member	2016-2020

DISTRICT ADMINISTRATORS

Judy Miner	Chancellor
Susan Cheu	Vice Chancellor, Business Services
Dorene Novotny	Vice Chancellor, Human Resources
Joseph Moreau	Vice Chancellor, Technology
Thuy Nguyen	President, Foothill College
Christina Espinosa-Pieb	Interim President, De Anza College

FISCAL ADMINISTRATION

Susan Cheu	Vice Chancellor, Business Services
Raquel Puentes-Griffith	Executive Director, Fiscal Services
Sirisha Pingali	Director, Budget Operations
Edith Aiwaz	Manager, Accounting

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Auxiliary Name	Auxiliary Director's Name	Establishment and Master Agreement Date
Foothill-De Anza Community Colleges Foundation	Dennis Cima	Organized as an independent organization in 1996 and has a signed master agreement dated 1998.
California History Center	Vacant (Name pending)	Organized as an auxiliary organization in 1987 and has a signed master agreement dated 1987.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2020

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education:				
Student Financial Aid Cluster:				
Federal Pell Grant Programs (PELL)	84.063	(1)	$ 19,057,725	$ -
Federal Pell Administrative Allowance	84.063	(1)	28,062	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(1)	560,967	-
Federal Direct Student Loan	84.268	(1)	4,820,598	-
Federal College Work Study (FWS)	84.033	(1)	446,996	-
Total Student Financial Aid Cluster			24,914,348	-
COVID-19 Higher Education Emergency Relief Funds CARES Act-Student Aid	84.425E	(1)	2,691,863	-
COVID-19 Higher Education Emergency Relief Funds CARES Act-Institutional	84.425F	(1)	334,029	-
Total Higher Education Emergency Relief Funds			3,025,892	-
Pass Through California Community College Chancellor's Office:				
Career Technical Education Act				
Basic Grants To States (Perkins Title I-C)	84.048	14-112-016	494,199	-
Basic Grants To States (CTE Transitions)	84.048	14-C01-016	68,719	-
Total Career Technical Education-Basic Grants to States			562,918	-
Total U.S. Department of Education			28,503,158	-
Corporation for National and Community Service:				
AmeriCorps State and National	94.006	(1)	44,806	-
Total Corporation for National and Community Service			44,806	-

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2020

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services:				
Pass through California Community College Chancellor's Office:				
Temporary Assistance for Needy Families (TANF)	93.558	(2)	$ 34,262	$ -
Pass through San Francisco State University:				
National Institutes of Health (NIH)	93.859	(2)	25,925	-
Total U.S. Department of Health and Human Services			60,187	
U.S. Department of Labor:				
Veteran's Employment Program	17.802	(1)	600	-
Workforce Investment Act Cluster				
Pass through Employment Development Department State of California				
Occupational Training Institute (OTI) - General Grants	17.258	03573	3,004	-
Pass through City of San Jose				
WIA - Adult Program	17.258	03573	30,313	-
Total Workforce Investment Act Cluster			33,317	-
Total U.S. Department of Labor			33,917	-
U.S. Department of Agriculture:				
Pass through State of California Department of Education				
Child and Adult Care Food Program	10.558	03628	27,270	-
Total U.S. Department of Agriculture			27,270	-
Total Expenditures Federal Programs			$ 28,669,337	$ -

Reconciliation to Federal Revenue				
Total Expenditures Federal Programs			$ 28,669,337	$ -
Federal Direct Student Loan	84.268	(1)	(4,820,598)	-
Total Federal Program Revenue			$ 23,848,739	$ -

(1) Pass-through entity identifying number not applicable, direct funded

(2) Pass-through entity identifying number not applicable

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS
FISCAL YEAR ENDED JUNE 30, 2020

Program Name	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Adult Education Block Grant (CAEP)	$ 813,865	$ -	$ -	$ 465,159	$ 348,706	$ 348,706
Basic Skills	1,058,998	-	-	-	1,058,998	1,058,998
BFAP Administration	835,940	-	-	57,915	778,025	778,025
Butte-Glenn OER	11,013	-	-	11,013	-	-
Calgrant B	1,496,011	95,713	-	-	1,591,724	1,591,724
Calgrant C	36,670	-	-	-	36,670	36,670
California Learning Lab	-	299,175	-	-	299,175	299,175
Calworks	342,845	1,738	-	8,879	335,704	335,704
Calworks EC Works	15,215	2,642	-	-	17,857	17,857
Calworks SSA	119,910	27,907	-	-	147,817	147,817
Calworks TSE	-	448	(396)	-	52	52
Campus Safety&Sexual Assault	49,964	-	-	26,768	23,196	23,196
Career Technological Education	7,687,655	701,276	-	3,449,942	4,938,989	4,938,989
CDC-State Contracts	443,240	-	-	-	443,240	443,240
CDC-State Meal Reimbursement	771	179	-	-	950	950
Child Development Center Bailout	459,874	-	-	-	459,874	459,874
Child Development Training Consortium	7,215	-	-	1,640	5,575	5,575
Cooperative Agencies Resources for Education	153,530	-	-	-	153,530	153,530
CVC/OEI	44,693,291	11,753,000	-	14,308,047	42,138,244	42,138,244
Disabled Student Services and Programs	3,088,866	-	-	-	3,088,866	3,101,986
Early Childhood Education	43,430	-	-	29,107	14,323	14,323
Economic Development	265,789	-	-	14,548	251,241	251,241
Equal Employment Opportunity	125,607	-	-	125,607	-	-
Extended Opportunity Programs and Services	2,001,478	-	-	-	2,001,478	2,001,478
FA Emergency Aid	24,708	-	-	-	24,708	24,708
Faculty & Staff Development	143,508	-	-	143,508	-	-
FH - IEPI Grant	186,102	-	-	110,070	76,032	76,032
FH - Umoja Grant	29,676	-	-	5,474	24,202	24,202
Financial Aid Technology	399,352	-	-	127,474	271,878	271,878
First 5 CDC	32,338	10,500	-	42,838	-	-
Guided Pathways	1,823,386	-	-	1,641,133	182,253	182,253
Hunger Free Campus	332,347	-	-	151,458	180,889	180,889
Innovation in Higher Education	1,759,346	-	-	1,289,109	470,237	470,237
Instructional Equipment	1,082,658	-	-	992,818	89,840	89,840
Lottery-Instructional Materials	743,963	686,999	-	-	1,430,962	1,149,115
Mandatory Cost Elimination Fee	-	-	-	-	-	57,392
Mental Health Support	199,677	-	-	69,295	130,382	130,382
Promise Grants (AB19)	5,838,943	-	-	1,854,390	3,984,553	3,984,553
Scheduled Maintenance	1,162,362	-	-	331,483	830,879	958,531
Student Equity and Achievement (SEA)	10,200,380	-	-	6,929,230	3,271,150	3,271,150
Student Success - Credit	3,580,995	-	-	-	3,580,995	3,580,995
Student Success - Non-Credit	4,310	-	-	-	4,310	4,310
Student Success - Student Equity	1,744,439	-	-	-	1,744,439	1,744,439
Student Success Completion Grants	1,868,233	-	-	16,213	1,852,020	1,852,020
TANF	17,816	16,445	-	-	34,261	34,261
TTIP Telecom & Technology	51,192	-	-	51,192	-	-
Veterans Resource Center	293,356	15,411	-	195,192	113,575	113,575
Total	$ 95,270,264	$ 13,611,435	$ (396)	$ 32,449,502	$ 76,431,801	$ 76,348,116

Note : Certain programs use resources from the prior year ending balance and/or carry over balances into the subsequent fiscal year beginning fund balance; for these situations, total revenue will not equal total expenditures.

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FISCAL YEAR ENDED JUNE 30, 2020

	Annual - Factored			
Categories	Reported Data	District Adjustments	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2019 only)				
1. Noncredit[1]	46.68	-	-	46.68
2. Credit[1]	2,931.64	-	-	2,931.64
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)				
1. Noncredit[1]	5.71	-	-	5.71
2. Credit[1]	0.88	-	-	0.88
C. Primary Terms (Exclusive of Summer Intersession)				
1. Census Procedure Courses				
(a) Weekly Census Contact Hours	8,163.66	-	-	8,163.66
(b) Daily Census Contact Hours	208.98	-	-	208.98
2. Actual Hours of Attendance Procedure Courses				
(a) Noncredit[1]	286.61	-	-	286.61
(b) Credit[1]	347.81	-	-	347.81
3. Independent Study/Work Experience				
(a) Weekly Census Contact Hours	10,416.16	-	-	10,416.16
(b) Daily Census Contact Hours	633.39	-	-	633.39
(c) Noncredit Independent Study/Distance Education Courses	-	-	-	-
D. Total FTES	23,041.52	-	-	23,041.52
Supplemental Information (subset of above information)				
E. In-service Training Courses (FTES)	-	-	-	-
H. Basic Skills courses and Immigrant Education				
(a) Noncredit[1]	117.82	-	-	117.82
(b) Credit[1]	708.35	-	-	708.35
CCFS 320 Addendum				
CDCP Noncredit FTES	125.07	-	-	125.07
Centers FTES				
(a) Noncredit[1]	71.09	-	-	71.09
(b) Credit[1]	1,073.98	-	-	1,073.98

1 Including Career Development and College Preparation (CDCP) FTES

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORTS (CCFS-311) WITH FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

The audit resulted in no adjustments to the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Unrestricted Fund Balance	$ 47,236,284
Restricted Fund Balance	10,166,205
Debt Service Funds	32,833,547
Child Development Fund	741,028
Capital Outlay Funds Balance	35,088,457
Enterprise Funds Balance	4,419,961
Self Insurance Fund Balance	9,317,580
All Other Funds	18,647
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	$ 139,821,709

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORTS (CCFS-311) WITH FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2020

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 139,821,709
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $496,858 are already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	630,783,697
Deferred charges associated with debt refundings are capitalized. These amounts will be amortized to interest expense over the life of the refunded debt.	31,484,689
Deferred outflows associated with pension (PERS and STRS) and OPEB costs result from pension and OPEB contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	59,497,917
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences of $33,978 is already recorded in the General Fund.	(6,168,523)
The supplemental employee retirement plan is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(4,682,244)
Long term liability related to general obligation bonds, certificates of participation and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long term obligations are added to the statement of net position which reduces the total net assets reported.	(834,993,682)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan (PERS and STRS) and OPEB is recorded as net pension and OPEB liabilities. The proportionate share of STRS Medicare Premium Program is also recorded as a liability.	(305,227,485)
Interest related to bonds incurred through June 30, 2018 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(13,042,472)
Deferred inflows associated with pension (PERS and STRS) and OPEB costs represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the difference between the expended and actual experience, the difference in proportion and changes in assumptions. These amounts are deferred and amortized.	(34,066,039)
Total Net Position	$ (336,592,433)

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
FISCAL YEAR ENDED JUNE 30, 2020

		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	32,409,567	-	32,409,567	32,409,567	-	32,409,567
Instructional Salaries - Other	1300	35,314,618	-	35,314,618	35,314,618	-	35,314,618
Total Instructional Salaries		67,724,185	-	67,724,185	67,724,185	-	67,724,185
Noninstructional Salaries - Contract or Regular	1200	-	-	-	13,111,129	-	13,111,129
Noninstructional Salaries - Other	1400	-	-	-	708,891	-	708,891
Total Noninstructional Salaries		-	-	-	13,820,020	-	13,820,020
Total Academic Salaries		67,724,185	-	67,724,185	81,544,205	-	81,544,205
Classified Salaries							
Noninstructional Salaries - Regular Status	2100	-	-	-	31,348,306	-	31,348,306
Noninstructional Salaries - Other	2300	-	-	-	2,254,224	-	2,254,224
Total Noninstructional Salaries		-	-	-	33,602,530	-	33,602,530
Instructional Aides - Regular Status	2200	2,015,192	-	2,015,192	2,015,192	-	2,015,192
Instructional Aides - Other	2400	197,406	-	197,406	197,406	-	197,406
Total Instructional Aides		2,212,598	-	2,212,598	2,212,598	-	2,212,598
Total Classified Salaries		2,212,598	-	2,212,598	35,815,128	-	35,815,128
Employee Benefits	3000	27,222,923	-	27,222,923	49,238,915	-	49,238,915
Supplies and Materials	4000	-	-	-	1,956,780	-	1,956,780
Other Operating Expenses	5000	-	-	-	22,518,476	-	22,518,476
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		97,159,706	-	97,159,706	191,073,504	-	191,073,504
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	4,632,662	-	4,632,662	4,632,662	-	4,632,662
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	4,424,380	-	4,424,380
Objects to Exclude							
Rents and Leases	5060	-	-	-	195,994	-	195,994
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies and Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	3,998,991	-	3,998,991
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,632,662	-	4,632,662	13,252,027	-	13,252,027
Total for ECS 84362, 50% Law		92,527,044	-	92,527,044	177,821,477	-	177,821,477
Percent of CEE (Instructional Salary Cost/Total CEE)		52.03%	0%	52.03%	100%	0%	100%
50% of Current Expense of Education					88,910,739	-	88,910,739

See accompanying Notes to Supplementary Information.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
FISCAL YEAR ENDED JUNE 30, 2020

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 8,050,227
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 8,050,227	$ -	$ -	$ 8,050,227
Total Expenditures for EPA*		$ 8,050,227	$ -	$ -	$ 8,050,227
Revenue less Expenditures					
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See accompanying Notes to Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance – Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS- 311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS- 311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown.

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50% law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Proposition 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS’ REPORTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Foothill-De Anza Community College District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 9, 2021. The financial statements of Foothill-De Anza Community Colleges Foundation (the discretely presented component unit) were not audited in accordance with Government Auditing Standards.

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) to determine the 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 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 9, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Foothill-De Anza Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 9, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the Foothill-De Anza Community College District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2020. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

Section	Description	Procedures Performed
411	SCFF Data Management Control Environment	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Not Applicable
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes

Board of Trustees
Foothill-De Anza Community College District

Section	Description	Procedures Performed
426	Students Actively Enrolled	Yes
427	Dual Enrollment of K-12 Students in Community College Credit Courses	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
444	Apprenticeship and Supplemental (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not Applicable
490	Proposition 1D State Bond Funded Projects	Not Applicable
491	Education Protection Account Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-2020 Contracted District Audit Manual.* Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 9, 2021

FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified			
2. Internal control over financial reporting:				
• Material weakness(es) identified?	______	yes	x	no
• Significant deficiency(ies) identified?	______	yes	x	none reported
3. Noncompliance material to financial statements noted?	______	yes	x	no

Federal Awards

1. Internal control over major federal programs:				
• Material weakness(es) identified?	______	yes	x	no
• Significant deficiency(ies) identified?	x	yes	______	none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified			
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x	yes	______	no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063 and 84.268	Student Financial Aid Cluster
84.425E and 84.425F	Higher Education Emergency Relief Funds CARES Act

Dollar threshold used to distinguish between Type A and Type B programs:	$860,080			
Auditee qualified as low-risk auditee?	x	yes	______	no

Section II – Financial Statement Findings

There were no findings and questioned costs related to basic financial statements for the year ended June 30, 2020.

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2020-001: Outstanding Refund Checks

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Award Period: July 1, 2019 to June 30, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria

The Code of Federal Regulations, 34 CFR 668.164 states that an institution must return to the Department of Education, any title IV funds that it attempts to disburse directly to a student or parent that are not received by the student or parent. If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Department of Education before the end of this 45-day period. If a check is sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Department of Education no later than 240 days after the date it first issued the check.

Condition

Checks totaling $37,656 from Foothill College and $51,113 from De Anza College related to students refunds of the Title IV awards were not returned to the Department of Education within the prescribed timeframe.

Questioned Costs

$88,769

Context and Cause

The District's existing policies and procedures did not ensure compliance with the applicable criteria.

Effect

The case identified resulted in noncompliance with the Title IV regulation.

Repeat Finding

This was not a finding in the prior year.

Recommendation

We recommend the College to update its procedures and procedures for processing and monitoring refund checks to ensure compliance with the Title IV requirements.

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2020-002: Reconciliations of Direct Loans

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: 84.268- Federal Direct Loans
Award Period: July 1, 2019 through June 30, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria

The Code of Federal Regulations, 34 CFR 685.300(b)(5) requires institutions to reconcile all cash (drawdowns and refunds of cash) and disbursement records (actual disbursements and adjustments) with information in the Common Origination and Disbursement (COD) System on a monthly basis employing two types of reconciliation methods, internal and external. The internal reconciliation process involves monthly cash activity between the business and financial aid offices and systems based on scheduled and actual disbursements. The external reconciliation requires the college to compares its reconciled internal records to the Department of Education's records of funds received and returned, and loans originated and disbursed to students at the college.

At a minimum, this external reconciliation must be completed at least monthly to ensure that data is correct in all systems and that cash management and disbursement reporting timelines are being met.

Condition

Foothill College did not perform the monthly reconciliations between the COD and students accounts during the year.

Questioned Costs

None

Context

The college disbursed $2,320,764 in direct loans during the year.

Cause

The College's existing policies and procedures did not ensure compliance with the applicable criteria.

Effect

The condition identified resulted in noncompliance with the Title IV regulation.

Repeat Finding

This was not a finding in the prior year.

Recommendation

We recommend the College to ensure all necessary employees receive proper training, support, and time to follow the federal requirements related to monthly reconciliations.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of Responsible Officials and Planned Corrective Actions and Conclusion

Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2020-003: Awarding of Direct Loans

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: 84.268 – Federal Direct Student Loans
Award Period: July 1, 2019 through June 30, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria
The Code of Federal Regulations, 34 CFR 685.203(a) outline the maximum subsidized loan amounts for students based on their dependency status, year of education, and other factors.

Condition
During our testing, we noted 2 instances out of 20 students tested at De Anza College where the subsidized Stafford loan awarded to the student was over or less than the maximum amount they were eligible for.

Questioned Costs
For the instances identified, each student was under awarded $1,000.

Context
The College awarded $2,499,834 in Direct Loans during the year.

Cause
The College did not appropriately determine the student's level of education when awarding the Subsidized Stafford Loan.

Effect
For the instances identified, the students were under awarded the subsidized portion of the Stafford Loan.

Repeat Finding
This was not a finding in the prior year.

Recommendation
We recommend the College to evaluate its procedures and a policy around how level of education is determined and verified when packaging and awarding students.

Views of responsible officials and planned corrective actions
Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2020-004: COD Reporting

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: 84.063 – Federal Pell Grant Program
Award Period: July 1, 2019 to June 30, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria

The Department of Education requires the College to report the disbursement dates and amounts to the Common Origination and Disbursement (COD) system within 15 days of disbursing Pell (34 CFR 690.83).

Condition

During our testing, we noted 1 of the 30 disbursements was not reported within the required 15 days in COD. This condition was noted for the student attending Foothill College.

Questioned Costs

None

Context

The College disbursed $4,804,056 in Pell awards during the year.

Cause

The College does not have a process in place to accurately report Pell disbursements to COD within the required 15 days.

Effect

The case identified resulted in noncompliance with the Title IV regulation.

Repeat Finding

This was not a finding in the prior year.

Recommendation

We recommend the College to evaluate its procedures and policies around reporting Pell disbursements to COD to ensure that student information is reported accurately and timely.

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2020-005: **Enrollment Reporting**

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Award Period: July 1, 2019 to June 30, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance; Noncompliance

Criteria

The Code of Federal Regulations, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. There are two categories of enrollment information; “Campus Level” and “Program Level” both of which need to be reported accurately.

Condition

During our testing we noted the following conditions:

1) For 2 out of 40 students tested, Foothill College incorrectly reported the enrollment status of the students who graduated as withdrawn.
2) For 25 out of 40 students tested, the students’ enrollment status was not certified within 60 days. This condition was noted for 8 students attending Foothill College and 17 students attending De Anza College.

Questioned Costs

None

Context

The Colleges disbursed $24,914,348 in Title IV awards during the year.

Cause

The College’s processes and controls did not ensure that student status changes were properly and timely reported to NSLDS.

Effect

The case identified resulted in noncompliance with the Title IV regulation.

Repeat Finding

Similar condition was noted at De Anza College in the prior year as Finding 2019-002.

Recommendation

We recommend the College to put a process in place to ensure compliance with the enrollment reporting regulations.

Views of Responsible Officials and Planned Corrective Actions

Please refer to the attached Corrective Action Plan.

Section IV – Findings and Questioned Costs – State Awards

There were no findings and questioned costs related to state awards for the year ended June 30, 2020.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Please refer to the attached schedule of prior year findings.

FOOTHILL-DE ANZA
Community College District

U.S. Department of Education:

Foothill-De Anza Community College District respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: 2019-20

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education
2020-001 Student Financial Aid Cluster- Outstanding Refund Checks

Recommendation: It is recommended the District and Colleges update its procedures and procedures for processing and monitoring refund checks to ensure compliance with the Title IV requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The District is responding with two main actions to remedy this finding. First, we are assessing the current returned check activity to immediately begin adhering to the Title IV compliance requirements. Using 10/30/2020 and going back to the 240-day and 45-day windows, we have determined the appropriate action while gaining an understanding of the current processes to inform recommended changes. Secondly, we are revisiting the entire financial aid disbursement and funds return workflow that involves multiple Student Services campus departments and Business Services district departments, specifically - Student Financial Aid, Educational Technology Services, Cashiers, Accounting, Accounts Payable, Budget & Grants. We have also engaged the assistance of our student payment disbursement vendor, BankMobile. Below is a summary of the improvements currently being implemented.

- Business Services and Student Financial Aid Departments are reviewing the tools, training and reports available in the BankMobile Administration and Support application to determine how to best leverage them into process improvements.

- Educational Technology Services is assisting with adjustments to our standard format files to include the college name (and student ID) for quicker issue resolution and the pre-validation script to exclude payments that will create exceptions requiring additional attention.

- Business Services and Student Financial Aid Departments are revising the BankMobile Admin Support email distribution lists to ensure the appropriate staff who currently are or will be responsible for addressing issues are notified timely disbursement/refund status.

- Business Services and Student Financial Aid Departments are implementing preliminary monitoring procedures and outreach to ensure students receive all the financial aid to which they are entitled in a timely manner while reducing disbursement rejects and returns that create tracking to ensure compliance with Title IV requirements.

- Business Services is creating a responsibility matrix and shared online files to handle requests/approvals, monitor upcoming deadlines, note outstanding necessary items and convey compliance due dates for the various types of returns and clearly delineate responsibilities and required action dates of each campus and district department involved.

Name(s) of the contact person(s) responsible for corrective action: Raquel Puentes-Griffith, Executive Director, Fiscal Services, Kevin Harral, Director, Student Financial Aid at Foothill College, and Lisa Mandy, Director, Student Financial Aid at De Anza College.

Planned completion date for corrective action plan: November 30, 2020.

Department of Education
2020-002 Student Financial Aid Cluster- Reconciliations of Direct Loans

Recommendation: It is recommended that Foothill College ensure all necessary employees receive proper training, support, and time to follow the federal requirements related to monthly reconciliations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Foothill College Financial Aid Office and the District Finance team have instituted meetings to clearly delineate the separation of duties and steps the Financial Aid Office needs to take on a monthly basis to reconcile. Additionally, our ETS group has been brought into the conversation to ensure that both a primary and secondary Financial Aid Office employee has full access to conduct the appropriate student level reconciliation activities. Meetings have already begun and access granted to allow the Financial Aid Office staff to efficiently conduct the monthly reconciliation.

Name(s) of the contact person(s) responsible for corrective action: Kevin Harral, Director of Student Financial Aid

Planned completion date for corrective action plan: By the end of November 2020, all initial access activities will be complete, initial training will have been

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conducted, and Financial Aid Office will have begun conducting monthly reconciliation activities.

Department of Education

2020-003 Student Financial Aid Cluster- Awarding of Direct Loans

Recommendation: It is recommended that De Anza College evaluates its procedures and a policy around how level of education is determined and verified when packaging and awarding students.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: DeAnza College updated the Direct Loan process to include language specifying the need to verify grade level prior to loan origination. We have also reviewed loans originated for the 2020-21 academic year to ensure those we have certified thus far have the correct grade level.

Name of the contact person responsible for corrective action: Lisa Mandy, Director of Student Financial Aid

Planned completion date for corrective action plan: November 2, 2020.

Department of Education
2020-004 Student Financial Aid Cluster- COD Reporting

Recommendation: It is recommended that Foothill College evaluates its procedures and policies around reporting Pell disbursements to COD to ensure that student information is reported accurately and timely.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Action taken in response to finding: Typically the reporting of Pell Grant payments to COD (DOE) occurs on a weekly basis, keeping the office in compliance. In this case, the standard reporting failed to 'pick-up' the student in question. While this is typically a base-line Banner process, we will need to implement a crosscheck to what the baseline report has identified to be sent to COD and what our disbursement records show for the week. If a pattern is identified further technical work will occur to close any issues. Until that tech solution is identified, a more manual process will need to occur.

Name(s) of the contact person(s) responsible for corrective action: Kevin Harral, Director of Student Financial Aid

Planned completion date for corrective action plan: The manual crosscheck can begin almost immediately with an anticipated reporting process by December 2020. Further tech solutions, if necessary, will follow.

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Department of Education
2020-005 Student Financial Aid Cluster- Enrollment Reporting

Recommendation: It is recommended the Colleges put a process in place to ensure compliance with the enrollment reporting regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Foothill College Response –

After meeting with the National Student Clearinghouse (NSC) regarding Condition 1, it was determined that we need to review past report submissions to determine why the update was not made to this student's file as technically it should have been updated by the SFRNSLC Banner report that is used. This will require a meeting with our ETS Department and the Dean of Enrollment Services to see why the status was not updated. The plan moving forward based on the National Student Clearinghouse suggestion would be to send an additional SFRNSLC Banner report every 30 Days with only Graduate status selected.

To address the Condition 2 testing Foothill College plans to meet with the National Student Clearinghouse compliance team again in the next 30 days to review our Academic Calendar and Enrollment Reporting Schedule. We will use future terms Winter and Spring to determine if we would meet the 60 Day certification requirement based on our scheduled reporting dates. NSC has also suggested that we send an early snapshot file before our first reporting date, but due to timing constraints, we were not able to discuss the details of how this would work. The follow-up meeting will address this suggestion as well.

De Anza College Response –

As detailed in corrective action plan (11/8/2019) for PY finding, De Anza College revised their enrollment reporting schedule to ensure we would have enough time to resolve errors in order to meet the NSLDS reporting schedule. The late reporting for De Anza College is specific to the Fall 2019 quarter, file submitted on 12/17/2019. We have included the Clearinghouse response to our request for review, which explains what occurred as we had overlapping enrollment files. Upon further discussion with the Clearinghouse team, we have updated our end of term for Fall 2020 in order to avoid the same issue this year. Also included is De Anza College's NSLDS reporting history from July 2019 through November 2020 as evidence of compliance.

Names of the contact persons responsible for corrective action: Anthony Cervantes, Dean Enrollment Services at Foothill College and Nazy Galoyan, Dean Enrollment Services, De Anza College.

Planned completion date for corrective action plan: November 13, 2020.

FOOTHILL-DE ANZA
Community College District

U.S. Department of Education:

Foothill-De Anza Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2018 to June 30, 2019.

The findings from the prior audit's schedule of findings and questioned costs are discussed below by individual college. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019 – 001: Earmarking

Condition: It was noted during audit testing that De Anza College (the College) did not meet the community service requirement for its Federal Work Study allocation, and was unable to obtain a waiver from the Department of Education releasing it from the requirement.

Status: The Corrective Action Plan was implemented by De Anza College during the 2019-20 academic year.

2019 – 002 Special Tests and Provisions: Enrollment Reporting

Condition: It was noted during audit testing that discrepancies for 10 out of 40 students tested, which is a statistically valid sample. De Anza College (the College) did not report the changes in enrollment status, for 10 students tested.

The College utilizes the National Student Clearinghouse (NSC) as a third party provider in order to submit student information to NSLDS. However, it is possible for the college to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

Status: The Corrective Action Plan was implemented by De Anza College during the 2019-20 academic year.

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Summary Schedule of Prior Year Audit Findings

2019 – 003 Entrance and Exit Counseling

Condition: It was noted during audit testing that 10 out of 40 students selected for testing, in our statistically valid sample, did not receive exit counseling within the required 30 days of a student ceasing attendance. 4 out of the 10 students attended Foothill College and 6 out of the 10 attended De Anza College.

Status: The Corrective Action Plan was implemented by Foothill College and De Anza College during the 2019-20 academic year.

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