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**ALLAN HANCOCK JOINT
COMMUNITY COLLEGE DISTRICT**

AUDIT REPORT

JUNE 30, 2024

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of Allan Hancock Joint Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



San Diego, California
December 17, 2024

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Allan Hancock Joint Community College District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB Statement No. 34) and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities* (GASB Statement No. 35). These statements allow for the presentation of financial activity and results of operations which focus on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type.

The financial statements presented herein include all of the activities of the District and its component unit. Separate financial statements for the blended component unit, Allan Hancock College Auxiliary Programs Corporation (the "Corporation"), can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by GASB Statements No. 34 and No. 35 in regard to interfund activity, payables, and receivables.

The District's audited financial statements include:

- 1) A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- 2) Financial statements prepared using full accrual accounting for all the District's activities that reflect the government-wide financial picture as opposed to individual fund financial statements.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

REPORTING THE DISTRICT AS A WHOLE

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

The *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes in it. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the District facilities will likely be important components in this evaluation.

The *Statement of Cash Flows* provides an analysis of the sources and uses of all cash within the operations of the District.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL HIGHLIGHTS

Net Position

The District's net position was \$94,888,813 for the fiscal year ended June 30, 2024. Of this amount, (\$12,775,837) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board's ability to use that net position for day-to-day operations. Our analysis below focuses on net position and change in net position of the District's business-type activities.

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 117,473,226	\$ 118,799,980	\$ (1,326,754)
Non-current assets	249,083,057	241,606,563	7,476,494
Deferred outflows of resources	30,527,842	31,338,435	(810,593)
Total Assets and Deferred Outflows of Resources	\$ 397,084,125	\$ 391,744,978	\$ 5,339,147
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	\$ 40,740,702	\$ 43,858,998	\$ (3,118,296)
Non-current liabilities	252,977,274	255,638,697	(2,661,423)
Deferred inflows of resources	8,477,336	7,500,212	977,124
Total Liabilities and Deferred Inflows of Resources	302,195,312	306,997,907	(4,802,595)
NET POSITION			
Net investment in capital assets	68,927,574	62,245,341	6,682,233
Restricted	38,737,076	39,731,150	(994,074)
Unrestricted (deficit)	(12,775,837)	(17,229,420)	4,453,583
Total Net Position	94,888,813	84,747,071	10,141,742
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 397,084,125	\$ 391,744,978	\$ 5,339,147

This schedule has been prepared from the District's *Statement of Net Position* (page 12), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and cash equivalents consist primarily of funds held in the County Treasury. The changes in cash position is explained in the *Statement of Cash Flows* (pages 14-15).

Much of the unrestricted net position/(deficit) has been designated by the Board or by contracts for such purposes as Federal and State grants, outstanding commitments on contracts, debt service, and general reserves for the ongoing financial health of the District.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL HIGHLIGHTS, continued

Change in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* (page 13) presents the operating results of the District, as well as the non-operating revenues and expenses. State apportionments, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 3,951,799	\$ 5,100,610	\$ (1,148,811)
Federal grants and contracts, non-capital	4,102,600	13,170,422	(9,067,822)
State grants and contracts, non-capital	21,237,340	21,211,324	26,016
Local grants and contracts, non-capital	507,750	491,965	15,785
Total Operating Revenues	29,799,489	39,974,321	(10,174,832)
OPERATING EXPENSES			
Salaries and employee benefits	84,672,709	74,637,167	10,035,542
Supplies, materials, and other operating expenses and services	17,518,096	23,922,253	(6,404,157)
Student aid	22,573,373	24,654,401	(2,081,028)
Depreciation and amortization	8,568,562	8,072,597	495,965
Total Operating Expenses	133,332,740	131,286,418	2,046,322
Operating Loss	(103,533,251)	(91,312,097)	(12,221,154)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	52,579,032	48,212,570	4,366,462
Local property taxes and taxes levied for other specific purposes	32,955,219	31,597,077	1,358,142
Federal and State financial aid grants, non-capital	19,179,706	14,580,833	4,598,873
State taxes and other revenues	3,354,641	3,320,479	34,162
Interest expense, net of investment income	(5,145,999)	(6,563,737)	1,417,738
Other financing sources/(uses)	(156,837)	73,723	(230,560)
Local grants and other non-operating income	5,903,343	4,914,793	988,550
Total Non-Operating Revenues/(Expenses)	108,669,105	96,135,738	12,533,367
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)			
Local revenues, capital	118,910	101,416	17,494
Total Other Revenue/(Expenses) and Gains/(Losses)	118,910	101,416	17,494
Change in Net Position	5,254,764	4,925,057	329,707
NET POSITION, BEGINNING OF YEAR	84,747,071	79,822,014	4,925,057
PRIOR YEAR ADJUSTMENT (SEE NOTE 19)	4,886,978	-	4,886,978
NET POSITION, END OF YEAR	\$ 94,888,813	\$ 84,747,071	\$ 10,141,742

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL HIGHLIGHTS, continued

Change in Net Position, continued

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be non-operating. As a result, the operating loss of \$103,533,251 is balanced by other funding sources. Total District revenues exceeded total expenses by \$5,254,764 for the year ended June 30, 2024.

Grants and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving students of the District. These grants and program revenues are restricted as to the allowable expenses related to the programs.

Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 12 of financial statements.

Cash Flows

The *Statement of Cash Flows* provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	2024	2023	Change
Cash Provided by/(Used in)			
Operating activities	\$ (98,149,761)	\$ (68,270,870)	\$ (29,878,891)
Noncapital financing activities	100,104,039	94,041,487	6,062,552
Capital financing activities	(8,443,261)	(22,915,602)	14,472,341
Investing activities	1,570,318	870,243	700,075
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,918,665)	3,725,258	(8,643,923)
Cash and Cash Equivalents, Beginning of Year	106,467,780	102,742,522	3,725,258
Cash and Cash Equivalents, End of Year	<u>\$ 101,549,115</u>	<u>\$ 106,467,780</u>	<u>\$ (4,918,665)</u>

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had \$246,973,180 in a broad range of capital assets net of accumulated amortization including land, construction in progress, buildings, and furniture and equipment. During the year, the District also continued to modernize and refurbish various sites.

Note 8 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	2024	2023	Change
Land and construction in progress	\$ 13,094,073	\$ 79,892,724	\$ (66,798,651)
Land improvements and buildings and improvements	302,069,178	226,998,520	75,070,658
Furniture and equipment	30,239,009	29,100,161	1,138,848
Total Capital Assets	345,402,260	335,991,405	9,410,855
Less accumulated depreciation	(98,429,080)	(92,276,746)	(6,152,334)
Capital Assets, Net	\$ 246,973,180	\$ 243,714,659	\$ 3,258,521

Long-Term Obligations

At the end of this year, the District had \$258,502,278 in outstanding long-term obligations. This is primarily made up of \$184,870,054 of bonds payable.

Note 12 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

	2024	2023	Change
Bonds payable	\$ 184,870,054	\$ 185,976,048	\$ (1,105,994)
Lease liability	649,435	987,673	(338,238)
Software lease liability	1,206,877	1,492,315	(285,438)
Compensated absences	3,032,083	2,708,127	323,956
Net pension liability	68,743,829	70,317,774	(1,573,945)
Total Long-term Liabilities	\$ 258,502,278	\$ 261,481,937	\$ (2,979,659)

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$68,743,829 versus \$70,317,774 last year, a decrease of \$1,573,945, or 2.2 percent.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

The District completed the 23-24 fiscal year (FY) with a \$4,166,283 surplus from unrestricted general fund which resulted from conservative budgeting, astute planning and effective financial management. Income increased year over year due to a state mandated cost of living increase even with a slight increase in Full-Time Equivalent Students (FTES). The number of FTES are the largest factor in the state apportionment calculation, which made up over 90% of annual budgeted revenue. Looking forward, as the state continues to transition to post-pandemic normalcy, students are enrolling in courses at the District in ever greater numbers. The District's FTES count is gradually making its way back to pre-pandemic (2019) levels.

Through governmental reports and financial documents, the college ensures that budgets and resource allocation have a high degree of credibility and accuracy. The District presents budgets to the board of trustees for adoption three times each fiscal year. The tentative budget is presented in June and is based on collaborative work between departments and budget managers. Decisions and adjustments are made utilizing program reviews, annual updates, state guidance and shared governance groups such as Budget Council, Resource Alignment Committee, Information Technology Council and Facilities Council. The adopted budget, approved by the Board of Trustees in September, encompasses final state allocations and awards and is balanced with unrestricted general fund reserves that exceed the minimum state recommended levels. The revised adopted budget is presented in the spring and includes any updates for new or revised state and federal awards and allocations and collective bargaining agreements. The District ended FY 23-24 in excellent shape, with strong reserves and a realignment of surplus funds into the future capital improvement reserve.

The District routinely monitors financial activity using various reports. Monthly, year-to-date financial statements for college funds are presented to and reviewed by the board of trustees. External reporting is comprised of providing quarterly and annual financial data to the Chancellor's Office and the Annual Fiscal Report for the district's accrediting agency. Other monitoring of budgets and resource allocations is accomplished through the Citizen's Bond Oversight Committee and the Auxiliary Programs Board.

The annual state apportionment continued to grow apace with cost-of-living increases as the state phased out all remaining COVID disbursements and apportionment protection programs. After several years of very low amounts of uncollected debt, the District noted those amounts began to increase in FY 23-24, possibly as a result of the end of HEERF payments to students. The District will monitor this closely as we are estimating greater percentages of uncollected debt. In future budget years, the District is planning accordingly by setting aside funds for future write-offs. In January of 2024, the state governor presented the FY 24-25 state budget which included adjustments to the FY 22-23 and FY 23-24 budgets, based on lower than projected tax revenue for the state. The approved budget used rainy day funds and deferrals to eliminate any negative effects on the higher education budget. As of the end of FY23-24, the District expects to receive 100% of the projected apportionment after deferral amounts are received in mid FY 24-25.

The FY 23-24 saw the completion of several capital projects, ultimately leaving just over \$6 million in the bond fund and \$8 million in the capital project reserves. After a \$2 million transfer from surplus funds at the end of the year, the District now has just over \$10 million in the capital project reserves, leaving the college on solid footing for the foreseeable future. The District also refunded some bonds, saving the taxpayers more than \$2.5 million dollars in taxes. All remaining capital projects on the District's internal plan are fully funded.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW, continued:

In December of FY 20-21, the District reallocated \$4,542,528 from the country treasury to an irrevocable trust as a partial offset against future CalSTRS and CalPERS employer contribution rate increases. After an early dip in value soon after the initial investment, the irrevocable trust slowly built up over the course of FY 23-24 and the value is now close to 10 percent above the initial investment. The District has not yet taken a disbursement from this irrevocable trust, but has budgeted for a disbursement in FY 24-25 based on a projected end of year budget deficit. The OPEB trust, as of the last actuarial report, is still funded above 100 percent of expected liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES 2024-2025

Fiscal year 24-25 will be slightly more challenging than the prior year. Projected income from the state is lower than the prior FY 23-24, while expenses are increasing, leading to a projected budget deficit. Agreements with the full-time faculty, the management association and supervisory/confidential employees are driving up pay and benefit costs. As a result, the district applied its reserves to balance the budget. Additionally, the state is projecting a difficult revenue situation over the next couple of years, while enrollments are increasing at the same time (thereby driving up costs for the institution). The District expects to earn additional revenue going into FY 25-26 as FTES increases and is factored into the state apportionment calculation. Expenses in FY 25-26 should be relatively stable as there will be no new salary agreements until FY 26-27.

With the completion of several capital projects in the FY 23-24 budget year, the district plans to build a new priority list for construction projects. The 2023-2033 Facilities Master Plan (FMP) will largely drive the priority list for new construction and large modernization projects. The updated list will be sent to the state for future funding. Smaller projects may be funded by the District out of capital project reserves, as needed.

Overall, the District is in a sound financial position. Management will continue to closely monitor all economic factors, including cash, in an effort to manage the District's financial health and ensure we have the funds to continue operating and serving students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: Allan Hancock Joint Community College District, Business Services, 800 South College Drive, Santa Maria, CA, 93454-6399 or call (805) 922-6966, ext. 3268.

FINANCIAL SECTION

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets:

Cash and cash equivalents	\$ 101,549,115
Accounts receivable, net	15,571,911
Due from fiduciary funds, net	65,349
Lease receivable	20,424
Prepaid expenses	266,427
Total Current Assets	<u>117,473,226</u>

Non-current Assets:

Net OPEB asset	372,528
Right-of-use assets, net	1,737,349
Capital assets, net	246,973,180
Total Non-current Assets	<u>249,083,057</u>

TOTAL ASSETS

366,556,283

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	5,690,909
Deferred outflows related to OPEB	2,053,079
Deferred outflows related to pensions	22,783,854

TOTAL DEFERRED OUTFLOWS OF RESOURCES

30,527,842

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 397,084,125

LIABILITIES

Current Liabilities:

Accounts payable	\$ 7,148,488
Interest payable	2,052,064
Unearned revenue	26,015,146
Long-term debt, current portion	5,525,004
Total Current Liabilities	<u>40,740,702</u>

Non-current Liabilities:

Net pension liability	68,743,829
Long-term debt, non-current portion	184,233,445
Total Non-current Liabilities	<u>252,977,274</u>

TOTAL LIABILITIES

293,717,976

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to leases	19,287
Deferred inflows of resources related to OPEB	1,011,076
Deferred inflows related to pensions	7,446,973

TOTAL DEFERRED INFLOWS OF RESOURCES

8,477,336

NET POSITION

Net investment in capital assets	68,927,574
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Restricted for:

Debt service	12,127,101
Capital projects	13,442,660
Educational programs	11,060,829
Other special purposes	2,106,486

Unrestricted (deficit)	<u>(12,775,837)</u>
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TOTAL NET POSITION

94,888,813

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 397,084,125

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

Tuition and fees	\$ 9,146,165
Less: Scholarship discounts and allowances	(5,194,366)
Tuition and fees, net	3,951,799
Grants and contracts, non-capital	
Federal	4,102,600
State	21,237,340
Local	507,750

TOTAL OPERATING REVENUES

29,799,489

OPERATING EXPENSES

Salaries	63,365,151
Employee benefits	21,307,558
Supplies, materials, and other operating expenses and services	17,518,096
Student aid	22,573,373
Depreciation and amortization	8,568,562

TOTAL OPERATING EXPENSES

133,332,740

OPERATING LOSS

(103,533,251)

NON-OPERATING REVENUES/(EXPENSES)

State apportionments, non-capital	52,579,032
Local property taxes	24,411,021
Taxes levied for other specific purposes	8,544,198
Federal financial aid grants, non-capital	13,836,799
State financial aid grants, non-capital	5,342,907
State taxes and other revenues	3,354,641
Investment income, non-capital	1,570,318
Interest expense on capital asset-related debt	(7,519,764)
Investment income on capital asset-related debt	803,447
Other financing sources/(uses)	(156,837)
Local grants and other non-operating income	5,903,343

TOTAL NON-OPERATING REVENUES/(EXPENSES)

108,669,105

INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)

5,135,854

OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)

Local revenues, capital	118,910
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TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)

118,910

CHANGE IN NET POSITION

5,254,764

NET POSITION, BEGINNING OF YEAR

84,747,071

PRIOR YEAR ADJUSTMENT (SEE NOTE 19)

4,886,978

NET POSITION, END OF YEAR

\$ 94,888,813

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees, net	\$ 3,431,246
Grants and contracts	31,914,099
Payments to students	(22,573,373)
Payments to or on behalf of employees	(84,706,636)
Payments to vendors	(26,215,097)
Net Cash Used in Operating Activities	<u>(98,149,761)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	48,954,579
Local property taxes	24,411,021
State taxes and other revenues	3,354,641
Local grants and other non-operating income	4,216,554
Federal and State financial aid grants	19,179,706
Other sources/(uses)	(12,462)
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>100,104,039</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(10,664,562)
Local revenues, capital	118,910
Taxes levied for other specific purposes	8,544,198
Principal paid on capital debt	(3,280,000)
Principal paid on leases	(1,185,588)
Interest paid on capital debt	(2,652,587)
Interest received on capital debt	676,368
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(8,443,261)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>1,570,318</u>
Net Cash Provided by/(Used in) by Investing Activities	<u>1,570,318</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,918,665)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>106,467,780</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 101,549,115</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED IN OPERATING ACTIVITIES

Operating loss	<u>\$ (103,533,251)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and amortization	8,568,562
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
Accounts receivables, net	466,786
Prepaid expenses	14,486
Net OPEB asset	9,491
Deferred outflows related to OPEB and pensions	288,691
Accounts payable	(8,808,195)
Unearned revenue	5,079,070
Compensated absences	323,956
Net pension liability	(1,573,945)
Deferred inflows related to OPEB and pensions	<u>1,014,588</u>
Total Adjustments	<u>5,383,490</u>
Net Cash Flows From Operating Activities	<u>\$ (98,149,761)</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Retiree OPEB Trust	Other Trusts
Assets		
Cash and cash equivalents	\$ 507,782	\$ 5,785,536
Investments	9,967,307	-
Accounts receivable	-	3,957
Due from other funds	-	1,455
Total Assets	10,475,089	5,790,948
Liabilities		
Accounts payable	9,012	(814)
Deferred Revenue	-	2,265
Total Liabilities	9,012	1,451
Net Position		
other than pensions	10,466,077	-
Unrestricted	-	5,789,497
Total Net Position	\$ 10,466,077	\$ 5,789,497

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Retiree OPEB Trust	Other Trusts
Additions		
Interest and investment income, net	\$ 976,969	\$ -
Local revenues	-	615,910
Total Additions	<u>976,969</u>	<u>615,910</u>
Deductions		
Academic salaries	-	23,223
Classified salaries	-	2,100
Employee benefits	9,012	-
Books and supplies	-	96,275
Administrative expenses	26,621	-
Services and operating expenditures	-	56,468
Capital outlay	-	4,930
Total Deductions	<u>35,633</u>	<u>182,996</u>
Change in Net Position	941,336	432,914
Net Position - Beginning of Year	<u>9,524,741</u>	<u>5,356,583</u>
Net Position - End of Year	<u>\$ 10,466,077</u>	<u>\$ 5,789,497</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION

Allan Hancock Joint Community College District (the "District") is a comprehensive, public, two-year institution offering higher education in the County of Santa Barbara (the "County"), in the State of California (the "State"). The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the general fund, special revenue funds, and capital project funds, as well as all other funds, but these budgets are managed at the department level. The District consists of one community college located in Santa Maria, California, with multiple satellite centers located in Lompoc, Solvang, and Vandenberg Space Force Base, California. While the District is a political subdivision of the State, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under *Internal Revenue Code* Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District 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 has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION, continued

The following entity met the criterion for inclusion as a "blended" component unit and is consolidated within the financial statements of the District:

The Allan Hancock College Auxiliary Programs Corporation

The Allan Hancock College Auxiliary Programs Corporation (the "Corporation") is a legally separate organization and a component unit of the District. The Corporation is an auxiliary operation of the District and includes the Pacific Conservatory of the Performing Arts (PCPA) and Associated Students Trust Fund. The purpose of the Corporation is to provide benefits to the educational programs and services for the District. The District allocates funds each year which helps the corporation perform all of its own staffing and administrative functions. Such common governance and administrative structure are the prime criteria used to evaluate the Corporation for inclusion in the accompanying financial statements as a blended component unit. Accordingly, the activities of the Corporation are accounted for in the District's business-type activities. Separate financial statements for the Corporation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399. Condensed component unit information for the Corporation (the District's blended component unit) for the year ended June 30, 2024, is as follows:

Condensed Combining Statement of Net Position

	PCPA	Associated Students Trust Fund	Total
Assets			
Current assets	\$ 4,822,436	\$ 314,573	\$ 5,137,009
Liabilities			
Current liabilities	793,205	10,575	803,780
Net Position			
Restricted	4,029,231	303,998	4,333,229
Total Net Position	\$ 4,029,231	\$ 303,998	\$ 4,333,229

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION, continued

The Allan Hancock College Auxiliary Programs Corporation, continued

Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position

	PCPA	Associated Students Trust Fund	Total
Operating Revenues			
Auxiliary enterprise sales and charges	\$ 2,809,615	\$ -	\$ 2,809,615
Local revenue	145,810	215,453	361,263
Total Operating Revenues	2,955,425	215,453	3,170,878
Expenditures			
Operating expenses	4,745,079	425,533	5,170,612
Other Outgo	971,075	525,177	1,496,252
Total Expenditures	5,716,154	950,710	6,666,864
Other Financing Sources			
Financing Sources	3,009,684	772,459	3,782,143
Change in Net Position	248,955	37,202	286,157
Net Position - Beginning of Year	3,780,276	266,796	4,047,072
Net Position - End of Year	\$ 4,029,231	\$ 303,998	\$ 4,333,229

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

Allan Hancock College Viticulture and Enology Foundation

The Allan Hancock College Viticulture and Enology Foundation (the "Viticulture Foundation") is a legally separate, not-for-profit corporation. The purpose of the Viticulture Foundation is to provide benefits to the educational programs and services for the District. The Viticulture Foundation is not included as a component unit because the economic resources received and held by the Viticulture Foundation are not significant to the District. Separate financial statements for the Viticulture Foundation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399.

Allan Hancock College Foundation

The Allan Hancock College Foundation (the "Foundation") is a legally separate, not-for-profit corporation. The Foundation provides financial support for various college-related programs including student scholarships and awards, general department and program support, equipment purchases and capital improvements, and faculty research and teaching activities. The Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation is not included as a component unit because the economic resources received and held by the Foundation are not significant to the District and because the District does not control the timing of amount of receipts from the Foundation. Separate financial statements for the Foundation can be obtained from the Foundation's business office at 800 South College Drive, Santa Maria, CA 93454-6399. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and 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. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, non-capital grants and contracts.

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

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as non-operating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District including:
 - Financial Statements for the Primary Government:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Financial Statements for the Fiduciary Funds Including:
 - Statement of Net Position
 - Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to Financial Statements.

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2024, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflows of resources is recorded for the lease. The deferred inflows of resources are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of the lease.

Capital Assets and Depreciation

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

Estimated useful lives of the various classes of depreciable capital assets are as follows: land improvements, 20-50 years building and improvements, 20-50 years; furniture and equipment, 3-10 years; vehicles, 3-10 years.

Accounts Payable

Accounts payable are amounts owed to vendors or suppliers for services incurred for which payment is made in a timely manner and in full, from current financial resources.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Loss on Refunding

Deferred Loss on refunding is amortized using the straight-line method over the remaining life of the new or the remaining life of the old debt, whichever is shorter.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred loss on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. At year end, there was no outstanding liabilities for load banking. Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Right-to-use Assets and Lease Liabilities

The District recognizes a right-to-use leased assets as a result of implementing GASB Statement No. 87 and right-to-use subscription-based IT assets (SBITA) under GASB Statement No. 96. The right-to-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-to-use subscription-based IT assets (leased software) are measured at the amount of the initial measurement of the subscription liability (software lease liability), plus any payments made to the SBITA vendor at the commencement of the subscription term and any capitalizable initial implementation costs. The right-to-use leased assets and leased software are amortized on a straight-line basis over the life of the related lease or subscription. Subsequently, the right-of-use leased assets and leased software are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District recognizes a lease liability at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made.

The District estimates its incremental borrowing rate as the discount rate for expected lease payments and the non-cancelable period for its leases. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect their lease liability.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Long-term Debt

Long-term debt includes bonds payable, compensated absences, lease liability and software lease liability. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report \$38,737,076 of restricted net position.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Non-operating revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

Non-operating expenses – Non-operating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2006 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG) Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively, except for the net residual amounts due between governmental activities, which are presented as "Due to or from other funds".

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*, which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management has determined that the adoption of the new accounting standard did not have any material impact on the financial statements of the District.

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*, which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In December 2023, GASB issued GASB Statement No. 102, *Certain Risk Disclosures*, which pertains to the disclosure of non-current liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In April 2024, GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and non-operating activities. One significant change is the separate identification of noncapital subsidies within non-operating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Policies and Practices

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

Cash in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Authorized Under Debt Agreements

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

Cash and cash equivalents and investments as of June 30, 2024, consists of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 6,057,029	\$ 6,293,318
Cash in revolving	20,424	-
Cash in County Treasury	95,471,662	-
Investments	-	9,967,307
Total Cash and Cash Equivalents and Investments	\$ 101,549,115	\$ 16,260,625

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Investment Pool, mutual funds, and U.S. Treasury Bonds.

Specific Identification

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

Investment Type	Book Value	Fair Value	Weighted Average Maturity in Days
Santa Barbara County Investment Pool	\$ 95,471,662	\$ 94,264,416	643
Mutual Funds	9,967,307	9,967,307	N/A
Total	\$ 105,438,969	\$ 104,231,723	

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool, the Mutual Funds, and the U.S. Treasury Bonds are not required to be rated, nor have been rated as of June 30, 2024.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's bank balance of \$6,056,000 was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 – FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized – Investments in the Santa Barbara County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share

The District's fair value measurements are as follows at June 30, 2024:

Investment Type	Fair Value	Level 1 Inputs	Level 3 Inputs	Uncategorized
Santa Barbara County Investment Pool	\$ 94,264,416	\$ -	\$ -	\$ 94,264,416
Mutual Funds	9,967,307	9,967,307	-	-
Total	<u>\$ 104,231,723</u>	<u>\$ 9,967,307</u>	<u>\$ -</u>	<u>\$ 94,264,416</u>

All assets have been valued using a market approach, with quoted market prices.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	\$ 2,262,523	\$ -
State Government		
Apportionment	5,436,045	-
Categorical aid	660,458	-
Local Sources		
District Foundation	9,316	-
Interest	637,143	-
Other local sources	3,227,449	3,957
Student Receivables	3,338,977	-
Accounts Receivable, Net	<u>\$ 15,571,911</u>	<u>\$ 3,957</u>

NOTE 6 – RIGHT-TO-USE ASSETS

The amount of right-to-use assets by major class of underlying leased assets as of June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-to-Use Assets:				
Leased vehicles	\$ 241,809	\$ -	\$ 241,809	\$ -
Leased equipment	366,155	-	50,663	315,492
Leased buildings	2,551,992	-	-	2,551,992
Leased software	2,188,292	561,912	329,451	2,420,753
Total Right-to-Use Assets	<u>5,348,248</u>	<u>561,912</u>	<u>621,923</u>	<u>5,288,237</u>
Less Accumulated Amortization				
Leased vehicles	241,809	-	241,809	-
Leased equipment	271,521	56,457	50,663	277,315
Leased buildings	1,786,394	255,200	-	2,041,594
Leased software	710,566	850,864	329,451	1,231,979
Total Accumulated Amortization	<u>3,010,290</u>	<u>1,162,521</u>	<u>621,923</u>	<u>3,550,888</u>
Right-to-Use Assets, Net	<u>\$ 2,337,958</u>	<u>\$ (600,609)</u>	<u>\$ -</u>	<u>\$ 1,737,349</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – LEASE RECEIVABLE

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 20,424	\$ 376	\$ 20,800
Total	\$ 20,424	\$ 376	\$ 20,800

The District leases a building to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2024, the District recognized revenues related to these lease agreements totaling \$20,800. During the year ended June 30, 2024, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Annual Rental Income
Buildings	1	4.00%	8/21/2021 - 6/30/2025	\$ 20,800

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Adjusted Balance				Balance
	July 1, 2023	Transfers	Additions	Deductions	June 30, 2024
Capital Assets not being Depreciated					
Land	\$ 3,758,448	\$ -	\$ -	\$ -	\$ 3,758,448
Construction in progress	76,134,276	-	8,390,714	75,189,365	9,335,625
Total Capital Assets Not Being Depreciated	79,892,724	-	8,390,714	75,189,365	13,094,073
Capital Assets Being Depreciated					
Land improvements	6,555,136	-	-	-	6,555,136
Buildings and improvements	220,443,384	-	76,687,383	1,616,725	295,514,042
Furniture and equipment	29,100,161	156,023	1,412,340	429,515	30,239,009
Total Capital Assets Being Depreciated	256,098,681	156,023	78,099,723	2,046,240	332,308,187
Total Capital Assets	335,991,405	156,023	86,490,437	77,235,605	345,402,260
Less Accumulated Depreciation					
Land improvements	4,946,204	-	218,774	-	5,164,978
Buildings and improvements	63,107,577	-	5,914,400	1,100,802	67,921,175
Furniture and equipment	24,222,965	156,023	1,272,867	308,928	25,342,927
Total Accumulated Depreciation	92,276,746	156,023	7,406,041	1,409,730	98,429,080
Capital Assets, Net	\$ 243,714,659	\$ -	\$ 79,084,396	\$ 75,825,875	\$ 246,973,180

Depreciation expense for the year was \$7,406,041.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2024, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	\$ 342,780	\$ -
Construction	949,184	-
Student liabilities	45,856	-
Foundation payable	17,337	-
State grants	2,702,923	-
Other	3,090,408	8,198
Accounts Payable	<u>\$ 7,148,488</u>	<u>\$ 8,198</u>

NOTE 10 – UNEARNED REVENUE

Unearned revenue at June 30, 2024, consisted of the following:

	Primary Government	Fiduciary Funds
Federal financial assistance	\$ 34,298	\$ -
State grants and categorical aid	22,193,503	-
Enrollment fees	2,321,872	-
Local sources	1,465,473	2,265
Unearned Revenue	<u>\$ 26,015,146</u>	<u>\$ 2,265</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2024, the amounts owed to the primary government from the fiduciary funds were \$65,349 and due to fiduciary funds from the primary government of \$0.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2023-24 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to (\$156,837). The amount transferred to the primary government from the fiduciary funds amounted to \$0.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities during the 2023-2024 fiscal year consisted of the following:

	Balance			Balance		Due Within
	July 1, 2023	Additions	Reductions	June 30, 2024		One Year
Bonds Payable						
General obligation bonds	\$ 177,469,701	\$ 3,048,702	\$ 3,280,000	\$ 177,238,403	\$	3,660,000
Unamortized bond premium	8,506,347	-	874,696	7,631,651		874,696
Total Bonds Payable	185,976,048	3,048,702	4,154,696	184,870,054		4,534,696
Other Long-Term Liabilities						
Lease liability	987,673	-	338,238	649,435		323,923
Software lease liability	1,492,315	561,912	847,350	1,206,877		-
Compensated absences	2,708,127	323,956	-	3,032,083		666,385
Net pension liability	70,317,774	-	1,573,945	68,743,829		-
Total Other Long-Term Liabilities	75,505,889	885,868	2,759,533	73,632,224		990,308
Total Long-Term Liabilities	\$ 261,481,937	\$ 3,934,570	\$ 6,914,229	\$ 258,502,278	\$	5,525,004

Description of Debt

Payments on the bonds payable are made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The leases will be paid by the General Fund. Payments related to OPEB obligations will be paid by the fund for which the employee worked. Payments related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 15 for further details of the net pension liability.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds

The outstanding general obligation bonds as of June 30, 2024 are as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
2012	8/1/2047	2.00 - 5.70%	\$ 38,996,200	\$ 54,409,701	\$ 3,048,702	\$ -	\$ 57,458,403
2014	8/1/2030	2.00 - 5.00%	52,260,000	39,240,000	-	2,990,000	36,250,000
2017	8/1/2038	3.00 - 4.25%	13,515,000	13,515,000	-	-	13,515,000
2017	8/1/2034	3.00 - 4.00%	24,275,000	24,275,000	-	290,000	23,985,000
2019	8/1/2044	3.00 - 5.00%	23,000,000	21,995,000	-	-	21,995,000
2020	8/1/2045	4.00%	11,200,000	11,200,000	-	-	11,200,000
2020	8/1/2039	3.21%	12,835,000	12,835,000	-	-	12,835,000
Total General Obligation Bonds				\$ 177,469,701	\$ 3,048,702	\$ 3,280,000	\$ 177,238,403

Bonded Debt

In September 2012, the District issued Election of 2006 Series C General Obligation Bonds in the amount of \$38,996,200. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.70 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2047. At June 30, 2024, the principal balance outstanding was \$57,458,403. Unamortized premium received on issuance of the bonds amounted to \$119,201 as of June 30, 2024.

In October 2014, the District issued the \$52,260,000 2014 General Obligation Refunding Bonds. The bonds have a final maturity which occurs on August 1, 2030, with interest rates from 2.00 to 5.00 percent. The net proceeds of \$62,050,345 (representing the principal amount of \$52,260,000 and premium on issuance of \$9,790,345) from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds Series A. The refunding resulted in a cumulative cash flow saving of \$5,978,913 over the life of the new debt and an economic gain of \$4,736,721 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.440 percent. At June 30, 2024, the principal balance outstanding was \$36,250,000. Unamortized premium received on issuance of the bonds and deferred amount on refunding were \$3,856,357 and \$2,007,668, respectively, as of June 30, 2024.

In November 2017, the District issued the 2017 General Obligation Refunding Bonds, Series A in the amount of \$13,515,000. The bonds have a final maturity which occurs on August 1, 2038, with interest rates from 3.00 to 4.25 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$14,509,302 (representing the principal amount of \$13,515,000 and premium on issuance of \$994,302) from the issuance were used to currently refund the District's outstanding Election of 2006 General Obligation Bonds, Series A, to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series B, and to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series C in the amount of \$4,365,000, \$760,000, and \$7,504,661, respectively. The refunding resulted in a cumulative cash flow saving of \$5,827,061 over the life of the new debt and an economic gain of \$3,123,064 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.00 percent. As of June 30, 2024, the principal balance outstanding was \$13,515,000, and unamortized premium on issuance and deferred amount on refunding were \$646,297 and \$1,173,953, respectively.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Bonded Debt, continued

In October 2017, the District issued the 2017 General Obligation Refunding Bonds, Series B in the amount of \$24,275,000. The bonds have a final maturity which occurs on August 1, 2034, with interest rates from 3.00 to 4.00 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$26,832,650 (representing the principal amount of \$24,275,000 and premium on issuance of \$2,557,650) from the issuance were used to provide advance refunding on the crossover date of August 1, 2019, of the District's outstanding Election of 2006 General Obligation Bonds, Series B-1 in the amount of \$25,625,000. As of June 30, 2024, the principal balance outstanding was \$23,985,000, and unamortized premium on issuance was \$1,364,080.

In May 2019, the District issued Election of 2006 Series E General Obligation Bonds in the amount of \$23,000,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest rates of 3.00 percent to 5.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2044. At June 30, 2024, the principal balance outstanding was \$21,995,000. Unamortized premium received on the issuance of the bonds amounted to \$714,763 as of June 30, 2024.

In April 2020, the District issued Election of 2006 Series F General Obligation Bonds in the amount of \$11,200,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest of 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045. At June 30, 2024, the principal balance outstanding was \$11,200,000. Unamortized premium received on the issuance of the bonds amounted to \$930,953 as of June 30, 2024.

In April 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of \$12,835,000. The bonds have a final maturity which occurs on August 1, 2039, with an interest rate of 3.21 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$12,835,000 from the issuance were used to refund a portion of the District's outstanding prior bonds. The refunding resulted in an economic gain of \$3,136,608 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. As of June 30, 2024, the principal balance outstanding was \$12,835,000 and deferred amount on refunding was \$2,509,288.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity

The Series C bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030-2034	-	6,323,259	6,323,259
2035-2039	1,176,969	26,692,223	27,869,192
2040-2044	12,587,080	42,129,191	54,716,271
2045-2048	16,430,982	41,644,646	58,075,628
Accretion	27,263,372	(27,263,372)	-
Total	\$ 57,458,403	\$ 89,525,947	\$ 146,984,350

The 2014 Refunding bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 3,365,000	\$ 1,692,188	\$ 5,057,188
2026	3,910,000	1,510,313	5,420,313
2027	4,490,000	1,300,313	5,790,313
2028	5,130,000	1,059,813	6,189,813
2029	5,765,000	787,438	6,552,438
2030-2031	13,590,000	659,906	14,249,906
Total	\$ 36,250,000	\$ 7,009,971	\$ 43,259,971

The 2017 Refunding bonds, Series A, mature through 2039 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 524,925	\$ 524,925
2026	-	524,925	524,925
2027	-	524,925	524,925
2028	-	524,925	524,925
2029	-	524,925	524,925
2030-2034	-	2,624,625	2,624,625
2035-2039	13,515,000	1,734,813	15,249,813
Total	\$ 13,515,000	\$ 6,984,063	\$ 20,499,063

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity, continued

The 2017 Refunding bonds, Series B, mature through 2035 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 295,000	\$ 950,950	\$ 1,245,950
2026	295,000	939,150	1,234,150
2027	300,000	927,250	1,227,250
2028	290,000	915,450	1,205,450
2029	-	909,650	909,650
2030-2034	22,550,000	3,269,650	25,819,650
2035	255,000	3,825	258,825
Total	\$ 23,985,000	\$ 7,915,925	\$ 31,900,925

The Series E bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 806,863	\$ 806,863
2026	-	806,863	806,863
2027	-	806,863	806,863
2028	-	806,863	806,863
2029	335,000	798,488	1,133,488
2030-2034	1,225,000	3,738,688	4,963,688
2035-2039	6,210,000	2,924,681	9,134,681
2040-2044	10,940,000	1,661,975	12,601,975
2045	3,285,000	53,381	3,338,381
Total	\$ 21,995,000	\$ 12,404,665	\$ 34,399,665

The Series F bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 448,000	\$ 448,000
2026	-	448,000	448,000
2027	-	448,000	448,000
2028	-	448,000	448,000
2029	-	448,000	448,000
2030-2034	-	2,240,000	2,240,000
2035-2039	3,885,000	1,765,400	5,650,400
2040-2044	2,495,000	1,188,900	3,683,900
2045-2046	4,820,000	265,200	5,085,200
Total	\$ 11,200,000	\$ 7,699,500	\$ 18,899,500

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity, continued

The 2020 Refunding bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 412,004	\$ 412,004
2026	-	412,004	412,004
2027	-	412,004	412,004
2028	-	412,004	412,004
2029	-	412,004	412,004
2030-2034	-	2,060,018	2,060,018
2035-2039	4,720,000	1,599,463	6,319,463
2040	8,115,000	130,246	8,245,246
Total	\$ 12,835,000	\$ 5,849,747	\$ 18,684,747

Leases

The District has entered into agreements to lease equipment, vehicles, buildings and software. The lease agreements qualify as other than short-term leases under GASB 87 and 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Annual Lease Payment
Equipment	3	3.00%	7/6/2018 - 6/21/2025	\$ 26,252
Building	1	3.00%	7/1/2016 - 6/30/2026	\$ 302,196
Software	15	2.40%	7/1/2022 - 12/31/2028	\$ 880,187

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – LONG-TERM LIABILITIES, continued

Leases, continued

Future minimum lease payments on noncancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 323,923	\$ 14,992	\$ 338,915
2026	325,512	5,191	330,703
Total	<u>\$ 649,435</u>	<u>\$ 20,183</u>	<u>\$ 669,618</u>

Future minimum lease payments on noncancellable software leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 685,167	\$ 20,521	\$ 705,688
2026	267,447	9,434	276,881
2027	166,015	4,148	170,163
2028	77,047	1,015	78,062
2029	11,201	49	11,250
Total	<u>\$ 1,206,877</u>	<u>\$ 35,167</u>	<u>\$ 1,242,044</u>

Compensated Absences

At June 30, 2024, the liability for compensated absences was \$3,032,083.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported net OPEB liability/(asset) and OPEB expense/(benefit) for the following plan:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (372,528)	\$ 2,053,079	\$ 1,011,076	\$ 531,763

Plan Description

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

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

Financial information for BTC can be found on the BTC website at: <http://www.benefitstrust.org>.

Employees Covered

As of the June 30, 2022 actuarial valuation, the following Inactive and active employees were covered by the benefit terms under the OPEB Plan:

	Number of Participants
Inactive Employees Receiving Benefits	52
Active Employees	299
Total	351

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefits Provided

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

	Faculty	Classified	Confidential	Management
Benefit Types Provided	Medical Only	Medical Only	Medical Only	Medical Only
Duration of Benefits	To Age 65*	To Age 65	To Age 65*	To Age 65*
Required Service	20 years	25 years	20 years	10 years
Minimum Age	58***	60**	55	55
Dependent Coverage	Spouse	No***	No***	No***
District Contribution %	50% at 20 years plus 10% per additional year to 100% at 25 years	100%	100%	50% at 10 years plus 10% per additional year to 100% at 15 years
College Cap	\$406 per month single / \$807 per month 2- party	\$514 per month	\$406 per month	\$406 per month

*Lifetime benefits provided to faculty hired before 7/1/93; and to confidential and management employees hired before 1/1/94. Benefits after 65 are limited to 2% of salary (increased 2% each year) except for certain retirees.

**Minimum age 55 for faculty hired before 7/1/97; age 55 for classified employees hired before 1/1/98; and age 50 for confidential and management employees hired before 1/1/94.

***Pre-65 dependent coverage provided for faculty hired before 1/1/98; for classified employees hired before 1/1/98; and for confidential and management employees hired before 1/1/94.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the faculty union, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and the groups. For fiscal year 2023-24, the District's OPEB was fully funded and no contributions were made.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Plan Investment

The plan discount rate of 5.50% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	29%	7.55%
US Small Cap	13%	7.55%
All Foreign Stock	9%	7.55%
Other Fixed Income	49%	3.00%
Total	100%	

A discount rate of 5.50% was used in the valuation. This rate reflects a municipal bond rate. We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average.

Net OPEB Liability/(Asset) of the District

The District's net OPEB liability/(asset) of (\$372,528) was measured as of June 30, 2023, by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability/(asset) as of the June 30, 2023 measurement date were as follows:

Total OPEB liability	\$ 9,152,226
Plan fiduciary net position	9,524,754
Net OPEB liability/(asset)	<u>\$ (372,528)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>104.07%</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Discount rate	5.50%
Investment rate of return	5.50%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

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

The actual assumptions used in the June 30, 2022, valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

The changes in the Net OPEB liability/(Asset) for the OPEB Plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 8,994,065	\$ 9,376,084	\$ (382,019)
Changes for the year:			
Service cost	183,561	-	183,561
Interest	485,667	-	485,667
Experience (gains)/losses	31,285	-	31,285
Expected investment income	-	500,613	(500,613)
Investment (gains)/losses	-	196,122	(196,122)
Administrative expense	-	(5,713)	5,713
Expected benefit payments	(542,352)	(542,352)	-
Net change	158,161	148,670	9,491
Balance June 30, 2023	\$ 9,152,226	\$ 9,524,754	\$ (372,528)

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

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

	Discount Rate 1% Lower (4.50%)	Current Discount Rate (5.50%)	Discount Rate 1% Higher (6.50%)
Net OPEB liability/(asset)	\$ 453,217	\$ (372,528)	\$ (1,095,640)

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

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

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ (1,302,976)	\$ (372,528)	\$ 713,366

OPEB Expense/(Benefit) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of \$531,763. At June 30, 2024, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 942,615	\$ -
Differences between expected and actual experience	29,309	1,011,076
Change in assumptions	1,081,155	-
Total	\$ 2,053,079	\$ 1,011,076

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 358,615
2026	351,332
2027	348,804
2028	(13,584)
2029	25,613
Thereafter	(28,777)
Total	\$ 1,042,003

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2024, the District contracted with the Bay Area Community College Districts (BACCD), the Statewide Association of Community Colleges (SWACC), and the Self-Insured Schools of California (SISC III) Joint Powers Authorities (JPAs) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2024, the District contracted with the BACCD Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023-2024, the District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured for the first \$10,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Tpe of Coverage	Limits
Santa Barbara County School SIPE	Workers' Compensation	\$1,000,000
U.S. Specialty Underwriters	Excess Workers' Compenstation	\$25,000,000
BACCD JPA	Property and Liability	\$1,000,000 - \$250,000,000

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 27,152,230	\$ 8,072,945	\$ 3,517,035	\$ 3,340,098
CalPERS	41,591,599	14,710,909	3,929,938	6,589,902
Total	\$ 68,743,829	\$ 22,783,854	\$ 7,446,973	\$ 9,930,000

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.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

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

Contributions

Required member, District and State of California contributions 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. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District’s total contributions were \$4,606,186.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, 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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 27,152,230
State's proportionate share of the net pension liability associated with the District	13,009,632
Total	<u>\$ 40,161,862</u>

The net pension liability was measured as of June 30, 2023. 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. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.036 percent and 0.039 percent, respectively, resulting in a decrease in the proportionate share of 0.003 percent.

For the year ended June 30, 2024, the District recognized pension expense of \$3,340,098. In addition, the District recognized pension expense and revenue of (\$188,924) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 114,866	\$ -
Differences between expected and actual experience	2,133,870	1,452,425
Changes in assumptions	157,221	-
Net changes in proportionate share of net pension liability	1,060,802	2,064,610
District contributions subsequent to the measurement date	4,606,186	-
Total	<u>\$ 8,072,945</u>	<u>\$ 3,517,035</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, 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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (1,116,904)
2026	(1,223,530)
2027	1,879,079
2028	(215,005)
2029	270,439
Thereafter	355,645
Total	<u>\$ (50,276)</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
Total	100%	

*20-year average. Real rates of return of net of assumed 2.75% inflation.

Discount Rate

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), 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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 45,545,699	\$ 27,152,230	\$ 11,874,310

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Benefits Provided, continued

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	26.68%	26.68%

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 calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$6,116,752.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$41,591,599. The net pension liability was measured as of June 30, 2023. 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. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.115 percent and 0.126 percent, respectively, resulting in a decrease in the proportionate share of 0.011 percent.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), 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, 2024, the District recognized pension expense of \$6,589,902. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 4,442,578	\$ -
Differences between expected and actual experience	1,517,795	638,786
Changes in assumptions	1,916,108	-
Net changes in proportionate share of net pension liability	717,676	3,291,152
District contributions subsequent to the measurement date	6,116,752	-
Total	<u>\$ 14,710,909</u>	<u>\$ 3,929,938</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,870,899
2026	752,946
2027	2,525,399
2028	(485,025)
Total	<u>\$ 4,664,219</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity Cap-weighted	30%	4.54%
Global Equity Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 60,130,701	\$ 41,591,599	\$ 26,269,453

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,080,873. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

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

The District is a member of the BACCD JPA, SWACC, SISC III, and Santa Barbara County Schools SIPE. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs 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 has appointed one Board member and one alternative to the Governing Board of BACCD and Santa Barbara County SIPE.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2024, the District made payments of \$542,105, \$6,253,393, and \$462,058 to BACCD, SISC III, and SIPE, respectively.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Student Health Services Building	\$ 211,952	July 2024
PCPA Shade Canopy	146,059	October 2024
Fire Alarm Retrofit	883,548	November 2024
Team Buildings/Equipment Room	649,462	May 2025
Facilities Yard	34,229	July 2025
Other Capital Projects	196,107	2025
Total	<u>\$ 2,121,357</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 – FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2024 are:

	Salaries and Benefits	Supplies, Material and other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instruction	\$ 32,993,808	\$ 2,749,024	\$ -	\$ -	\$ 35,742,832
Instructional Administration	6,965,072	861,662	-	-	7,826,734
Instructional Support Services	2,537,933	281,007	-	-	2,818,940
Admissions and Records	865,714	13,502	-	-	879,216
Counseling and Guidance	5,127,078	533,659	-	-	5,660,737
Other Student Services	8,035,891	1,465,043	-	-	9,500,934
Operations and Maintenance	5,090,164	1,724,403	-	-	6,814,567
Planning and Policy Making	2,315,670	396,777	-	-	2,712,447
General Institutional Services	10,697,638	2,497,139	-	-	13,194,777
Community Services	1,105,559	277,406	-	-	1,382,965
Ancillary Services	4,654,158	1,401,735	-	-	6,055,893
Auxiliary Operations	4,280,971	746,622	-	-	5,027,593
Physical Property and Related Acquisitions	3,053	4,275,684	-	-	4,278,737
Transfers and Student Payments	-	294,433	22,573,373	-	22,867,806
Depreciation	-	-	-	8,568,562	8,568,562
Total	\$ 84,672,709	\$ 17,518,096	\$ 22,573,373	\$ 8,568,562	\$ 133,332,740

NOTE 19 – PRIOR YEAR ADJUSTMENT

A prior year adjustment was made amounting to \$4,886,978 as a result of an understatement of capital assets' construction in progress in the June 30, 2023 audited financial statements. The impact on the beginning net position in the Primary Government financial statements is as follows:

Net Position - Beginning Balance, as previously reported at June 30, 2023	\$ 84,747,071
Prior year adjustment - correction of capital assets	4,886,978
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ 89,634,049</u>

NOTE 20 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 17, 2024, the date the financial statements were issued. In July 2024, the District issued \$30,640,000 of General Obligation Refunding Bonds, Series 2024. The bonds yield interest at 5% and mature on August 1, 2023. The bonds will refund a portion of the 2014 General Obligation Refunding Bonds. The net effect of the refunding bonds is a savings to taxpayers of \$2,564,601.

REQUIRED SUPPLEMENTARY INFORMATION

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 183,561	\$ 243,955	\$ 232,844	\$ 261,519
Interest	485,667	511,607	498,224	508,441
Experience gains/(losses)	31,285	(494,210)	115,033	(573,417)
Changes of assumptions	-	192,338	81,105	110,013
Benefit payments	(542,352)	(470,331)	(518,431)	(530,333)
Net change in total OPEB liability	158,161	(16,641)	408,775	(223,777)
Total OPEB liability, beginning of year	8,994,065	9,010,706	8,601,931	8,825,708
Total OPEB liability, end of year (a)	\$ 9,152,226	\$ 8,994,065	\$ 9,010,706	\$ 8,601,931
Plan fiduciary net position				
Employer contributions	\$ -	\$ -	\$ -	\$ 157,949
Employer contributions as benefit payments	-	105,306	72,827	82,792
Expected investment income	500,613	621,904	550,369	545,631
Investment gains/(losses)	196,122	(1,811,959)	1,361,848	(12,647)
Administrative expense	(5,713)	(3,497)	(64,249)	(82,415)
Expected benefit payments	(542,352)	(600,979)	(518,431)	(552,458)
Other	-	-	-	-
Change in plan fiduciary net position	148,670	(1,689,225)	1,402,364	138,852
Fiduciary trust net position, beginning of year	9,376,084	11,065,309	9,662,945	9,524,093
Fiduciary trust net position, end of year (b)	\$ 9,524,754	\$ 9,376,084	\$ 11,065,309	\$ 9,662,945
Net OPEB liability/(asset), ending (a) - (b)	\$ (372,528)	\$ (382,019)	\$ (2,054,603)	\$ (1,061,014)
Covered payroll	\$ 40,835,554	\$ 37,021,719	\$ 35,367,089	\$ 35,367,089
Plan fiduciary net position as a percentage of the total OPEB liability	104.07%	104.25%	122.80%	112.33%
Net OPEB liability/(asset) as a percentage of covered payroll	-0.91%	-1.03%	-5.81%	-3.00%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 151,615	\$ 182,047	\$ 389,747
Interest	447,390	441,012	428,206
Experience gains/(losses)	(413,912)	-	-
Changes of assumptions	1,248,428	675	-
Benefit payments	(491,265)	(505,165)	(486,067)
Net change in total OPEB liability	942,256	118,569	331,886
Total OPEB liability, beginning of year	7,883,452	7,764,883	7,432,997
Total OPEB liability, end of year (a)	\$ 8,825,708	\$ 7,883,452	\$ 7,764,883
Plan fiduciary net position			
Employer contributions	\$ 491,265	\$ 187,658	\$ 1,525,633
Employer contributions as benefit payments	-	-	-
Expected investment income	526,317	510,303	800,978
Investment gains/(losses)	(36,404)	5,917	-
Administrative expense	(80,509)	(82,902)	(74,291)
Expected benefit payments	(491,265)	(505,165)	(486,067)
Other	-	675	-
Change in plan fiduciary net position	409,404	116,486	1,766,253
Fiduciary trust net position, beginning of year	9,114,689	8,998,203	7,231,950
Fiduciary trust net position, end of year (b)	\$ 9,524,093	\$ 9,114,689	\$ 8,998,203
Net OPEB liability/(asset), ending (a) - (b)	\$ (698,385)	\$ (1,231,237)	\$ (1,233,320)
Covered payroll	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144
Plan fiduciary net position as a percentage of the total OPEB liability	107.91%	115.62%	115.88%
Net OPEB liability/(asset) as a percentage of covered payroll	-1.81%	-3.36%	-3.52%

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Actuarially determined contribution	\$ 537,536	\$ 470,331	\$ 470,331	\$ 403,398
Contributions in relations to the actuarially determined contribution	-	-	542,352	488,896
Contribution deficiency/(excess)	\$ 537,536	\$ 470,331	\$ (72,021)	\$ (85,498)
Covered-employee payroll	\$ 40,835,554	\$ 37,021,719	\$ 35,367,089	\$ 35,367,089
Contribution as a percentage of covered-employee payroll	0.00%	0.00%	1.53%	1.38%
	2020	2019	2018	
Actuarially determined contribution	\$ 530,333	\$ 491,625	\$ 472,675	
Contributions in relations to the actuarially determined contribution	603,554	469,666	623,168	
Contribution deficiency/(excess)	\$ (73,221)	\$ 21,959	\$ (150,493)	
Covered-employee payroll	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144	
Contribution as a percentage of covered-employee payroll	1.57%	1.28%	1.78%	

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalSTRS					
District's proportion of the net pension liability	0.036%	0.039%	0.035%	0.037%	0.037%
District's proportionate share of the net pension liability	\$ 27,152,230	\$ 27,018,945	\$ 15,829,773	\$ 35,763,719	\$ 33,416,920
State's proportionate share of the net pension liability associated with the District	13,009,632	13,531,166	7,965,093	18,436,052	18,231,308
Total	\$ 40,161,862	\$ 40,550,111	\$ 23,794,866	\$ 54,199,771	\$ 51,648,228
District's covered-employee payroll	\$ 22,994,435	\$ 21,811,082	\$ 19,907,814	\$ 19,537,038	\$ 19,921,437
District's proportionate share of the net pension liability as percentage of covered-employee payroll	118%	124%	80%	183%	168%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalPERS					
District's proportion of the net pension liability	0.115%	0.126%	0.131%	0.121%	0.118%
District's proportionate share of the net pension liability	\$ 41,591,599	\$ 43,298,829	\$ 26,555,151	\$ 37,229,655	\$ 34,283,498
District's covered-employee payroll	\$ 19,894,545	\$ 19,284,326	\$ 18,742,527	\$ 17,468,389	\$ 16,295,266
District's proportionate share of the net pension liability as percentage of covered-employee payroll	209%	225%	142%	213%	210%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	81%	70%	70%

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.038%	0.038%	0.040%	0.045%	0.042%
District's proportionate share of the net pension liability	\$ 34,542,841	\$ 34,975,009	\$ 31,984,006	\$ 29,940,012	\$ 24,496,314
State's proportionate share of the net pension liability associated with the District	19,777,392	20,690,920	18,207,924	15,834,966	14,791,932
Total	\$ 54,320,233	\$ 55,665,929	\$ 50,191,930	\$ 45,774,978	\$ 39,288,246
District's covered-employee payroll	\$ 19,665,696	\$ 19,266,447	\$ 18,337,484	\$ 17,842,340	\$ 17,076,861
District's proportionate share of the net pension liability as percentage of covered-employee payroll	176%	182%	174%	168%	143%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.115%	0.111%	0.112%	0.113%	0.107%
District's proportionate share of the net pension liability	\$ 30,705,677	\$ 26,558,153	\$ 22,165,339	\$ 16,580,009	\$ 12,125,929
District's covered-employee payroll	\$ 15,172,990	\$ 14,190,330	\$ 13,457,508	\$ 13,894,147	\$ 14,354,658
District's proportionate share of the net pension liability as percentage of covered-employee payroll	202%	187%	165%	119%	84%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

CalSTRS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 4,606,186	\$ 4,391,937	\$ 3,690,435	\$ 3,215,112	\$ 3,542,065
District's contributions in relation to the statutorily required contribution	4,606,186	4,391,937	3,690,435	3,215,112	3,542,065
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,116,157	\$ 22,994,435	\$ 21,811,082	\$ 19,907,814	\$ 19,537,038
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	18.13%

CalPERS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 6,116,752	\$ 5,047,246	\$ 4,418,039	\$ 3,879,703	\$ 3,444,941
District's contributions in relation to the statutorily required contribution	6,116,752	5,047,246	4,418,039	3,879,703	3,444,941
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 22,926,357	\$ 19,894,545	\$ 19,284,326	\$ 18,742,527	\$ 17,468,389
District's contributions as a percentage of covered-employee payroll	26.68%	25.37%	22.91%	20.70%	19.72%

CalSTRS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,243,210	\$ 2,837,760	\$ 2,423,719	\$ 1,967,612	\$ 1,584,311
District's contributions in relation to the statutorily required contribution	3,243,210	2,837,760	2,423,719	1,967,612	1,584,311
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,921,437	\$ 19,665,696	\$ 19,266,447	\$ 18,337,484	\$ 17,841,340
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

CalPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,943,251	\$ 2,356,517	\$ 1,970,753	\$ 1,594,311	\$ 1,635,480
District's contributions in relation to the statutorily required contribution	2,943,251	2,356,517	1,970,753	1,594,311	1,635,480
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,295,266	\$ 15,172,990	\$ 14,190,330	\$ 13,457,508	\$ 13,894,147
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 - PURPOSE OF SCHEDULES

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

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation.

Changes of Assumptions - There were no changes in benefit terms since the previous valuation.

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

This schedule presents 10 years information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in assumptions since the previous valuation for CalSTRS. The consumer price inflation was changed from 2.50 percent to 2.30 percent since the previous valuation for CalPERS.

Schedule of Contributions – Pensions

This schedule presents 10 years information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2024

Allan Hancock Joint Community College District was founded in 1920 when the Santa Maria High School District established Santa Maria Junior College, and is comprised of an area of approximately 3,000 square miles located in Santa Barbara County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

In September 1954, the community voted to establish the Santa Maria Joint Junior College District. In 1963, the Lompoc Unified School District and Santa Ynez Union High School District were annexed to the community college district, and the District was renamed the Allan Hancock Joint Community College District.

Today, the District includes all of northern Santa Barbara County and small parts of San Luis Obispo and Ventura counties, including the cities of Santa Maria, Lompoc, Cuyama, Guadalupe, Solvang, and Buellton and Vandenberg Space Force Base.

BOARD OF TRUSTEES		
MEMBER	OFFICE	TERM EXPIRES
Gregory A. Pensa	President	2026
Hilda Zacarias	Vice President	2024
Jeffery Hall	Member	2024
Suzanne Levy, Ed.D.	Member	2024
Alejandra Enciso	Member	2026
Oscar Rivera	Student Trustee	2024

ADMINISTRATION	
Kevin G. Walthers, Ph.D. <i>Superintendent/President</i>	Dennis Curran <i>Associate Superintendent/Vice President, Finance and Administration</i>
Robert Curry, Ph. D. <i>Associate Superintendent/Vice President, Academic Affairs</i>	Genevieve Siwabessy, Ed.D. <i>Associate Superintendent/Vice President, Student Services</i>
Ruben Ramirez <i>Director, Human Resources</i>	Laura Becker <i>Director, Business Services</i>

AUXILIARY ORGANIZATIONS IN GOOD STANDING		
AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Allan Hancock College Foundation	Jon Hooten <i>Executive Director College Advancement</i>	Organized as an auxiliary organization in 1977 and has an original signed master agreement dated May 5, 1994 and a newly approved master agreement dated May 27, 2020.
Allan Hancock College Auxiliary Programs Corporation	Kevin G. Walthers, Ph.D. <i>Superintendent/President</i>	Organized as an auxiliary organization in 1996 and has a signed master agreement dated February 12, 1997.
Allan Hancock College Viticulture & Enology Foundation	Kevin G. Walthers, Ph.D. <i>Superintendent/President</i>	Organized as an auxiliary organization in 2014 and has a signed master agreement dated May 15, 2014 and amended January 1, 2016.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster			
Federal Direct Student Loans	84.268	*	\$ 547,573
Federal Pell Grant Program	84.063	*	13,066,776
Federal Pell Grant Program Administrative Allowance	84.063	*	745
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	222,450
Federal Work-Study Program	84.033	*	280,212
Total Student Financial Aid Cluster			14,117,756
TRIO Cluster			
TRIO-Student Support Services	84.042A	*	333,238
Total TRIO Cluster			333,238
Title V - Developing Hispanic Serving Institutions (DHSI)	84.031S	P031S200031	880,491
Transitioning Gang-Involved Youth into Higher Education (TGIY)	84.116Y	P116Y220001	282,722
Child Care Access Means Parents in School (CCAMPIS)	84.335A	*	130,271
Passed through the California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part-C	84.048A	20-C01-610	547,858
Passed through West Hills Community College			
Community College Open Resource Partnership	84.116T	P116T200017	63,652
Total U.S. Department of Education			16,355,988
U.S. DEPARTMENT OF FINANCE			
Passed through the California Community College's Chancellor's Office			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-20-47898	642,129
Total U.S. Department of Finance			642,129
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Care Food Program	10.588	04380-CACFP-42-CC-IC	67,167
Passed through Chico State Enterprises			
Cal Fresh Outreach - Chico State	10.561	A22-0055-S008/ 22-0001-042-SF	38,788
Passed through Santa Barbara County Education Office			
Forest Reserve	10.665	*	6,408
Passed through California Department of Food & Agriculture			
Specialty Crop Block Grant Program - Farm Bill	10.170	A22-0055-S008	76,523
Total U.S. Department of Agriculture			188,886
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the California Community College's Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.588	*	58,888
Foster and Kinship Care Education Program (FKCE)	93.658	*	27,924
Total TANF Cluster			86,812
Passed through California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	26,105
Child Care Mandatory Matching Funds of the Child Care and Development Fund	93.596	13609	44,205
Child Care and Development ARPA COVID-19 AB131	93.575	15554	796
CDE ARPA COVID-19 AB131	93.575	15640	1,187
Total Child Care and Development Fund (CCDF) Cluster			72,293
Total U.S. Department of Health and Human Services			159,105
Balance Forward			\$ 17,346,108

*Pass-through entity identifying number not applicable

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Balance Brought Forward			\$ 17,346,108
National Science Foundation			
NSF Engage	47.076	*	49,418
Improving Undergraduate STEM Education (IUSE)	47.076	*	6,135
NSF LSAMP B2B Alliance	47.076	*	489,435
Total National Science Foundation			544,988
U.S. DEPARTMENT OF LABOR, EMPLOYMENT and TRAINING ADMINISTRATION			
<i>Passed through the County of Santa Barbara Department of Social Services</i>			
Pathway Home 2	17.270	PE-36546/CA-024	30,239
Total U.S. Department of Labor, Employment and Training Administration			30,239
U.S. DEPARTMENT OF DEFENSE			
<i>Passed through the California Community Colleges, Centers for Applied Competitive Technologies (CACT)</i>			
California Defense Ecosystem and National Consortium Effort (CADENCE)	12.600	MCS1292-20-01	8,285
California Advanced Supply Chain Analysis and Diversification Effort (CASCADE)	12.600	*	8,403
Total U.S. Department of Defense			16,688
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Program	16.607	*	1,373
Total U.S. Department of Homeland Security			1,373
Total Expenditures of Federal Awards			\$ 17,939,396
AMOUNTS PROVIDED TO SUBRECIPIENTS			
NSF LSAMP B2B Alliance	47.076	*	
Cabrillo Community College District		NSFC6-01	\$ 50,065
Monterey Peninsula College		NSFC6-03	114,002
Moorpark College		NSFC6-04	39,310
Oxnard College		NSFC6-05	63,487
San Luis Obispo County Community College District		NSFC6-02	47,189
Ventura College		NSFC6-07	50,950
Total Amounts Provided to Subrecipients			\$ 365,003

**Pass-through entity identifying number not applicable*

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Program	Program Revenues				Total Revenue	Total Program Expenditures
	Cash Received	Accounts Receivable/(Payable)	Unearned Revenue			
Adult Education Block Grant (AB104)	\$ 1,857,787	\$ -	\$ 925,084	\$ 932,703	\$ 932,703	
Cal-SOAP Grant	425,714	-	-	425,714	425,714	
Cal Grants - Financial Aid	1,404,487	(1,664)	-	1,402,823	1,402,823	
CALeVIP - South Central Coast Incentive Project	-	20,932	-	20,932	20,932	
California Chafee Grant - Financial Aid	62,500	(2,500)	-	60,000	60,000	
California College Promise (AB19)	618,651	-	291,854	326,797	326,797	
Campus Safety and Sexual Assault	791	-	-	791	791	
CCCCO Basic Needs Centers	646,205	-	436,569	209,636	209,636	
CCCCO CalWORKs	446,020	-	25,290	420,730	420,730	
CCCCO Classified Professional Development (AB1840)	8,510	-	-	8,510	6,998	
CCCCO Cooperative Agencies Resources for Education (CARE)	597,087	-	137,136	459,951	459,951	
CCCCO COVID-19 Recovery Block Grant	5,142,404	-	4,611,720	530,684	530,684	
CCCCO Culturally Competent Faculty Prof Dev	30,882	-	-	30,882	30,882	
CCCCO Disabled Student Program & Services	1,346,466	-	48,005	1,298,461	1,298,461	
CCCCO EEO Best Practices	270,094	-	256,872	13,222	13,222	
CCCCO Emergency Financial Assistance Supplemental	234,521	-	234,301	220	220	
CCCCO EOPS	2,234,807	-	815,361	1,419,446	1,419,446	
CCCCO Equal Employment Opportunity	289,541	-	225,928	63,613	63,613	
CCCCO Equitable Placement & Completion Grant Program	535,150	-	311,871	223,279	223,279	
CCCCO Financial Aid Technology	60,549	-	949	59,600	59,600	
CCCCO Foster Care Education	66,195	-	7,174	59,021	59,021	
CCCCO Guided Pathways Yr6	324,464	-	199,321	125,143	125,143	
CCCCO Hire UP	1,320,000	-	1,320,000	-	-	
CCCCO LGBTQ+	144,676	-	116,949	27,727	27,727	
CCCCO Local & Systemwide Tech & Data Security	1,075,000	-	869,095	205,905	205,905	
CCCCO Mental Health Program	654,514	-	276,540	377,974	377,974	
CCCCO NEXTUP	440,348	-	105,888	334,460	334,460	
CCCCO Nursing Education	182,400	-	105,467	76,933	76,933	
CCCCO SB85 CalFresh Outreach	8,577	-	6,846	1,731	1,731	
CCCCO SB85 Early Action Emergency Aid	382,581	-	382,581	-	-	
CCCCO Physical Plant (80%) & Instructional Support	45,713	-	-	45,713	45,713	
CCCCO Physical Plant & Instructional Support (20%)	11,428	-	-	11,428	11,428	
CCCCO Retention & Enrollment Outreach (incl SB85)	1,068,241	-	463,616	604,625	604,625	
CCCCO SFRF Emergency Financial Assistance	1,311,739	-	8,351	1,303,388	1,303,388	
CCCCO Strong Workforce (Local)	3,334,207	-	1,766,601	1,567,606	1,567,606	
CCCCO Student Equity and Achievement (SEAP)	4,610,637	-	202,028	4,408,609	4,408,609	
CCCCO Student Financial Aid Administration (SFAA)	534,160	-	21,254	512,906	512,906	
CCCCO Student Food and Housing Support	686,890	-	504,345	182,545	182,545	
CCCCO Student Housing (Planning)	168,015	-	140,227	27,788	27,788	
CCCCO Student Success Completion (SSG)	2,556,766	19,710	-	2,576,476	2,576,476	
CCCCO Student Transfer Achievement Reform	565,217	-	565,217	-	-	
CCCCO Transfer Ed & Articulation - Seamless Transfer	48,695	-	48,695	-	-	
CCCCO Undocumented Resources Liaisons	188,794	-	128,536	60,258	60,258	
CCCCO Veterans Resource Center	263,423	-	85,884	177,539	177,539	
CCCCO Zero Textbook Cost Program	304,634	-	210,958	93,676	93,676	
CDE CA State Preschool Program (CSPP)	409,740	(15,176)	-	394,564	394,564	
CDE CSPP Supplemental (AB1885)	48,226	-	46,448	1,778	1,778	
CDE CSPP Temporary Increase (AB110)	86,513	-	72,825	13,688	13,688	
CDE SB89 COVID-19 CSPP Grant (Lompoc)	260	-	260	-	-	
CDE SB89 COVID-19 CSPP Grant (Santa Maria)	1,020	-	1,020	-	-	
CDSS CCTR Care Plus Grant (SB140)	66,382	-	63,944	2,438	2,438	
CDSS CCTR Supplemental Stipend	17,256	-	16,151	1,105	1,105	
Child and Adult Care Food Program (CACFP)	3,456	243	275	3,424	3,424	
Child Center Care General/Title V	486,857	44,780	-	531,637	531,637	
Child Development Training Consortium	7,222	6,578	-	13,800	13,800	
Coastal California Civic Leadership (#CA4All) Dreamers	83,926	20,586	-	104,512	104,512	
CTE Data Unlocked SubAgreee RSC	8,954	-	8,954	-	-	
Learning Aligned Education Program (LAEP)	2,106,053	(2,101,968)	-	4,085	4,085	
Mechanics of Inclusion Yr3	-	13,382	-	13,382	13,382	
MESA	946,168	-	647,054	299,114	299,114	
Rising Scholars Juvenile Justice Yr1	295,454	-	295,454	-	-	
Rising Scholars Network Grant	291,369	-	130,106	161,263	161,263	
Peace Officer Standards & Trng (POST)	72	-	-	72	72	
Puente Project	120,000	-	99,211	20,789	20,789	
Reg Collab & Coord Economic Workforce Dev (EWD)	274,376	86,646	283,508	77,514	77,514	
Regional Equity & Recovery Partnership (RERP)	91,031	36,412	41,525	85,918	85,918	
Santa Barbara County Children's Ctr Grants	295	-	69	226	226	
Santa Barbara QRIS Grant	59,667	-	40,901	18,766	18,766	
Strong Workforce (Regional)	2,173,886	(581,615)	595,586	996,685	996,685	
Total Expenditures of State Awards	\$ 44,087,663	\$ (2,453,654)	\$ 18,199,804	\$ 23,434,205	\$ 23,432,693	

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL
ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	86.29	-	86.29
2. Credit	168.91	-	168.91
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	1.60	-	1.60
2. Credit	697.22	-	697.22
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3506.29	-	3506.29
(b) Daily Census Contact Hours	775.43	-	775.43
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	547.25	-	547.25
(b) Credit	680.57	-	680.57
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1223.38	-	1223.38
(b) Daily Census Procedure Courses	638.05	-	638.05
(c) Noncredit Independent Study/Distance Education Courses	0.33	-	0.33
D. Total FTES	8,325.32	-	8,325.32
Supplemental Information (subset of above information)			
E. In-service Training Courses	9.45	-	9.45
F. Basic Skills Courses and Immigrant Education			
1. Credit	17.98	-	17.98
2. Noncredit	453.63	-	453.63
Total Basic Skills FTES	471.61	-	471.61
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	391.80	-	391.80
Centers FTES			
1. Credit	1,260.08	-	1,260.08
2. Noncredit	49.02	-	49.02
Total Centers FTES	1,309.10	-	1,309.10

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			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
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 10,794,429	\$ -	\$ 10,794,429	\$ 10,794,429	\$ -	\$ 10,794,429
Other	1300	8,945,658	-	8,945,658	8,971,593	-	8,971,593
Total Instructional Salaries		19,740,087	-	19,740,087	19,766,022	-	19,766,022
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,706,434		5,706,434
Other	1400	-	-	-	974,270	-	974,270
Total Non-Instructional Salaries		-	-	-	6,680,704	-	6,680,704
Total Academic Salaries		19,740,087	-	19,740,087	26,446,726	-	26,446,726
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	12,534,732	-	12,534,732
Other	2300	-	-	-	769,313	-	769,313
Total Non-Instructional Salaries		-	-	-	13,304,045	-	13,304,045
Instructional Aides							
Regular Status	2200	1,236,468	-	1,236,468	1,284,179	-	1,284,179
Other	2400	748,141	-	748,141	765,663	-	765,663
Total Instructional Aides		1,984,609	-	1,984,609	2,049,842	-	2,049,842
Total Classsified Salaries		1,984,609	-	1,984,609	15,353,887	-	15,353,887
Employee Benefits	3000	6,839,767	-	6,839,767	14,777,713	-	14,777,713
Supplies and Materials	4000	-	-	-	1,174,186	-	1,174,186
Other Operating Expenses	5000	1,763,004	-	1,763,004	6,578,252	-	6,578,252
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		30,327,467	-	30,327,467	64,330,764	-	64,330,764
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	368,144	-	368,144	368,144	-	368,144
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	503,701	-	503,701
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	154,251	-	154,251
Object to Exclude							
Rents and Leases	5060	-	-	-	626,872	-	626,872
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	2,029,791	-	2,029,791
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	740,579	-	740,579
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	740,579	-	740,579
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	75,468	-	75,468
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	75,468	-	75,468
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 368,144	\$ -	\$ 368,144	\$ 4,498,806	\$ -	\$ 4,498,806
Total for ECS 84362, 50% Law		\$ 29,959,323	\$ -	\$ 29,959,323	\$ 59,831,958	\$ -	\$ 59,831,958
Percent of CEE (Instructional Salary Cost/Total CEE)		50.07%	0.00%	50.07%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 29,915,979	\$ -	\$ 29,915,979

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2024

EPA Revenue	\$ 7,724,825
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	Total
Instructional Activities	0100-5900	\$ 7,724,825	\$ -	\$ -	\$ 7,724,825
Total		\$ 7,724,825	\$ -	\$ -	\$ 7,724,825

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Total Fund Balance - District Funds Included in the Reporting Entity:

General Fund	\$ 43,139,746	
Debt Service Fund	12,127,101	
Child Development Fund	580,666	
Internal Service Funds	2,853,123	
PCPA Fund	4,029,231	
Capital Projects Funds	20,386,071	
Student Financial Aid Fund	21,809	
Other Funds	<u>485,036</u>	\$ 83,622,783

Assets recorded within the statement of net position not included in the fund financial statements:

Capital assets	345,402,260	
Intangible right of use assets	5,288,237	
Accumulated depreciation and amortization	<u>(101,979,968)</u>	248,710,529

Net OPEB Asset 372,528

Unmatured Interest (2,052,064)

Lease Receivable 20,424

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on refunding	5,690,909
Deferred outflows related to OPEB	2,053,079
Deferred outflows related to pensions	22,783,854

Liabilities recorded within the statement of net position not recorded in the District fund financial statements:

General obligation bonds	177,238,403	
Unamortized bond premium	7,631,651	
Lease liability	649,435	
Software lease liability	1,206,877	
Compensated absences	2,365,698	
Net pension liability	<u>68,743,829</u>	(257,835,893)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to leases	(19,287)
Deferred inflows related to OPEB	(1,011,076)
Deferred inflows related to pensions	<u>(7,446,973)</u>

Net Position Reported Within the Statement of Net Position \$ 94,888,813

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members, as of June 30, 2024.

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2024, was conducted in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

- **General** – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- **Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.
- **Indirect Cost Rate** – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- **Subrecipients** – The District provided federal awards to subrecipients during the year ended June 30, 2024 amounting to \$365,003.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment – Annual Attendance

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to Net Position

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

OTHER INDEPENDENT AUDITORS' REPORTS



**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
Allan Hancock Joint Community College District
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of Allan Hancock Joint Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
December 17, 2024

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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
Allan Hancock Joint Community College District
Santa Maria, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allan Hancock Joint Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2024. The District's major Federal programs are identified in the Schedule of Audit Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit.

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 17, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

Report on State Compliance

Opinion on State Compliance

We have audited Allan Hancock Joint Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2024. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

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

Report on Internal Control over Compliance


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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 17, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	No
Identification of major programs:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.031S	Title V

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Non reported
Type of auditors' report issued on compliance for State programs:	Unmodified

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2023-24.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2023-24.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2023-24.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

There were no findings or questioned costs identified during 2022-23.