



Financial Statements  
June 30, 2023

**Monterey Peninsula  
Community College District**

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## Independent Auditor's Report

To the Board of Trustees  
Monterey Peninsula Community College District  
Monterey, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the business-type activities and the remaining fund information of the Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

#### ***Adoption of New Accounting Standard***

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing this standard, there was no effect to the District's business-type activities net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and other required supplementary schedules as listed in the table of contents on pages 58 to 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
December 18, 2023



**MONTEREY PENINSULA**  
College

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Monterey Peninsula Community College District's (the District) 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*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses 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 focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

## **FINANCIAL HIGHLIGHTS**

The District's assets are primarily cash, land, and facilities. Liabilities are primarily long-term bonds and pension liabilities. The District's total assets and deferred outflows of resources increased by \$19.9 million, or 7.9%, to \$272.7 million and total liabilities and deferred inflows of resources increased by \$6.9 million, or 3.2%, to \$225.2 million. Net position increased by \$13.0 million, or 37.5%, to \$47.5 million.

The State of California enacted a budget that included a 6.56% cost-of-living adjustment (COLA) to the Community College system. As the State of California continues to recover from the COVID 19 pandemic, so does our local community economy and the college.



**STATEMENT OF NET POSITION**

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The biggest change in this statement is that our capital assets (land, building, and equipment) and right-to-use subscription IT assets are capitalized then depreciated and amortized. As a result, they are now reflected as an asset on this statement. Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the financial health of the District.

	2023	2022	Change
<b>Assets</b>			
Cash and investments	\$ 80,551,456	\$ 81,999,325	\$ (1,447,869)
Receivables	8,272,644	6,495,766	1,776,878
Other current assets	185,829	203,574	(17,745)
Capital assets and right-to-use subscription IT assets, net	156,494,690	143,784,726	12,709,964
Total assets	245,504,619	232,483,391	13,021,228
Deferred Outflows of Resources	27,233,840	20,391,027	6,842,813
<b>Liabilities</b>			
Accounts payable and accrued liabilities	29,451,769	17,863,435	11,588,334
Current portion of long-term liabilities	15,459,193	13,680,235	1,778,958
Noncurrent portion of long-term liabilities	174,044,243	166,067,568	7,976,675
Total liabilities	218,955,205	197,611,238	21,343,967
Deferred Inflows of Resources	6,240,765	20,673,232	(14,432,467)
<b>Net Position</b>			
Net investment in capital assets	62,675,132	50,964,663	11,710,469
Restricted	22,311,984	17,383,082	4,928,902
Unrestricted deficit	(37,444,627)	(33,757,797)	(3,686,830)
Total net position	\$ 47,542,489	\$ 34,589,948	\$ 12,952,541

Cash and investments consist primarily of funds held in the Monterey County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 14 and 15.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to Governmental Accounting Standards Board (GASB). As a result, this statement will show a significant operating loss.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating Revenues			
Tuition and fees, net	\$ 3,608,721	\$ 4,035,401	\$ (426,680)
Grants and contracts, noncapital	27,932,176	23,796,404	4,135,772
Total operating revenues	<u>31,540,897</u>	<u>27,831,805</u>	<u>3,709,092</u>
Operating Expenses			
Salaries and benefits	40,030,702	36,260,030	3,770,672
Supplies, services, equipment, and maintenance	27,794,803	27,709,517	85,286
Student financial aid	18,492,981	13,117,375	5,375,606
Depreciation and amortization	5,477,542	4,668,932	808,610
Total operating expenses	<u>91,796,028</u>	<u>81,755,854</u>	<u>10,040,174</u>
Operating loss	<u>(60,255,131)</u>	<u>(53,924,049)</u>	<u>(6,331,082)</u>
Nonoperating Revenues (Expenses)			
State apportionments	14,075,828	13,522,683	553,145
Property taxes	45,532,010	42,320,612	3,211,398
Student financial aid grants	9,146,850	7,318,898	1,827,952
Other state revenues	2,200,623	1,591,055	609,568
Net interest expense	(2,682,899)	(5,815,298)	3,132,399
Other nonoperating revenues	3,153,530	5,019,354	(1,865,824)
Total nonoperating revenues (expenses)	<u>71,425,942</u>	<u>63,957,304</u>	<u>7,468,638</u>
Other Revenues			
State capital income	1,781,730	1,030,782	750,948
Change in net position	<u>\$ 12,952,541</u>	<u>\$ 11,064,037</u>	<u>\$ 1,888,504</u>

Monterey Peninsula Community College District  
Management's Discussion and Analysis  
June 30, 2023

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salaries and Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	\$ 19,063,101	\$ 4,500,117	\$ -	\$ 85,639	\$ -	\$ 23,648,857
Instructional administration	2,786,572	648,595	-	1,183	-	3,436,350
Instructional support services	1,516,008	312,960	-	15,164	-	1,844,132
Student services	6,772,111	978,307	-	43,749	-	7,794,167
Plant operations and maintenance	1,743,956	1,860,390	-	1,387	-	3,605,733
Planning, policymaking and coordinations	2,240,575	795,159	-	10,431	-	3,046,165
Institutional support services	3,310,971	14,911,468	-	249,326	-	18,471,765
Ancillary services and auxiliary operations	2,597,408	1,242,677	-	11,633	-	3,851,718
Physical property and related acquisitions	-	1,451,359	-	675,259	-	2,126,618
Student aid	-	-	18,492,981	-	-	18,492,981
Unallocated depreciation and amortization	-	-	-	-	5,477,542	5,477,542
<b>Total</b>	<b>\$ 40,030,702</b>	<b>\$ 26,701,032</b>	<b>\$ 18,492,981</b>	<b>\$ 1,093,771</b>	<b>\$ 5,477,542</b>	<b>\$ 91,796,028</b>

### STATEMENT OF 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 the District's need for external funding.

	2023	2022	Change
Net Cash Flows from			
Operating activities	\$ (53,353,214)	\$ (45,659,077)	\$ (7,694,137)
Noncapital financing activities	57,363,871	55,571,489	1,792,382
Capital financing activities	(6,281,556)	32,294,336	(38,575,892)
Investing activities	833,810	(1,626,610)	2,460,420
Net Increase (Decrease) in Cash and cash equivalents	(1,437,089)	40,580,138	(42,017,227)
Cash and cash equivalents, Beginning of Year	81,847,097	41,266,959	40,580,138
Cash and cash equivalents, End of Year	<u>\$ 80,410,008</u>	<u>\$ 81,847,097</u>	<u>\$ (1,437,089)</u>

**CAPITAL ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES**

**Capital Assets and Right-to-Use Subscription IT Assets**

At June 30, 2023, the District had \$234,118,599 in a broad range of capital assets including land, furniture and equipment, as well as right-to-use subscription IT assets. At June 30, 2023, our net capital and right-to-use subscription IT assets were \$156,494,690.

Note 6 in the financial statements provides additional information on capital assets and right-to-use subscription IT assets. A summary of capital assets and right-to-use subscription IT assets is presented below:

	Balance July 1, 2022	Additions	Deletions	Balance, June 30, 2023
Capital Assets				
Land and construction in progress	\$ 13,766,788	\$ 10,956,639	\$ (1,704,183)	\$ 23,019,244
Buildings and improvements, net	128,441,191	(3,283,866)	-	125,157,325
Furniture, equipment, and vehicles, net	1,576,747	744,919	-	2,321,666
Right-to-use subscription IT assets, net	-	5,996,455	-	5,996,455
Total capital assets and right-to-use subscription IT assets, net	<u>\$ 143,784,726</u>	<u>\$ 14,414,147</u>	<u>\$ (1,704,183)</u>	<u>\$ 156,494,690</u>

**Long-Term Liabilities Including Pensions and OPEB**

At June 30, 2023, the District had \$133,534,601 in general obligation bonds outstanding, including premium. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Monterey Peninsula Community College District boundaries. Other long-term liabilities for the District include the compensated absences, early retirement incentives, subscription-based IT arrangements, claims liability, aggregate net OPEB liability, and aggregate net pension liability.

Notes 7 through 10 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	Balance July 1, 2022	Additions	Deletions	Balance, June 30, 2023
General obligation bonds	\$ 144,789,895	\$ 2,333,512	\$ (13,588,806)	\$ 133,534,601
Aggregate net OPEB liability	4,864,209	21,220	-	4,885,429
Aggregate net pension liability	27,310,526	16,629,721	-	43,940,247
Subscription-based IT arrangements	-	4,667,733	(196,902)	4,470,831
Other liabilities	2,783,173	49,390	(160,235)	2,672,328
Total long-term liabilities	<u>\$ 179,747,803</u>	<u>\$ 23,701,576</u>	<u>\$ (13,945,943)</u>	<u>\$ 189,503,436</u>
Amount due within one year				<u>\$ 15,459,193</u>

## **ECONOMIC FACTORS AFFECTING THE FUTURE OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

### **Proposition 98**

While Local Property Taxes are the most significant source of funding for, the District's operations, the college is reliant on minimum guarantees from Proposition 98 which establishes funding levels for schools and community colleges within the State of California on the whole. This minimum funding requirement is commonly called the minimum guarantee. The state calculates the minimum guarantee by comparing three main formulas or "tests". Each test takes into account certain inputs, such as state General Fund revenue, per capita personal income, and K-12 student attendance. The state can choose to fund at the minimum guarantee or any level above it. It also can suspend the guarantee with a two-thirds vote of each house of the Legislature, allowing the state to provide less funding than the formulas require that year. The state meets the guarantee through a combination of state General Fund and local property tax revenue.

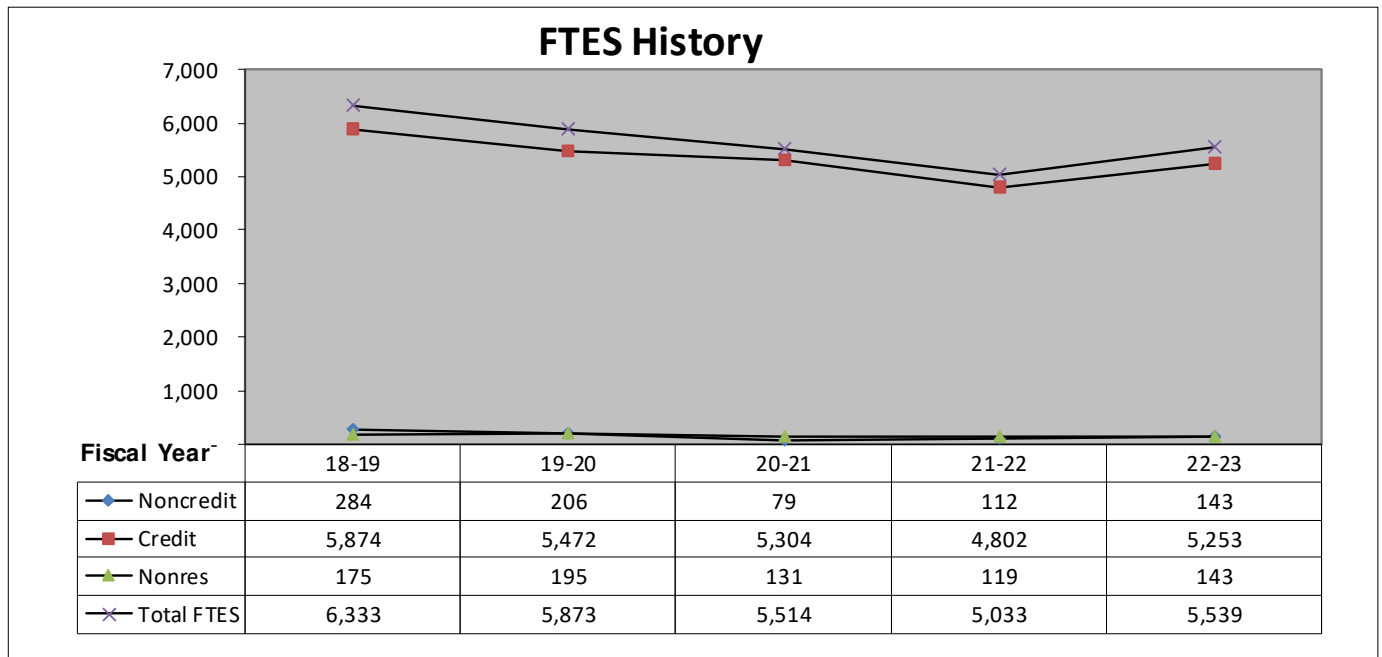
### **Public School Stabilization Account**

Proposition 2 was a constitutional amendment that established a reserve account within the State budget specifically for schools. Proposition 2 was established to mitigate the volatility of educational funding to schools and community colleges. As a result of its passage in 2014, the state is required to deposit funding in the reserve when school funding is growing relatively quickly and various other conditions are met.

The Student-Centered Funding Formula (SCFF) adopted in the 2018-2019 fiscal year provides funding to districts based upon additional factors: the number of low-income students enrolled, and the number of students who meet specific student success metrics, including completion of a degree or certificate. Because it was expected that there would be adverse unintended consequences that occur with a change to the SCFF a hold harmless provision was included in the formula model. For the years 2018-19 through 2022-23 MPC's funding was calculated using the hold-harmless provision.

With the addition of a 6.56% COLA this year, our district is less in need of hold harmless protections. In fact, in 2023-24 the State of California enacted a budget that included an 8.13% COLA which is the largest COLA yet. The COLA results in a significant increase in the SCFF funding rates that may result in the funding to our district above the hold-harmless rate. This is expected to have a positive impact to ongoing funding.

The District had experienced a downward trend in FTES as shown below for the years 2018-19- 2021-22, however 2022-23 was an increase of over 500 FTES and indicates that the college is recovering lost enrollment that primarily resulted from the COVID 19 pandemic. Expansion of our promise program, as well as additional strategies for enrollment management continue to have a positive impact on the trend. to face to face on campus classes has brought many students back to the campuses. Efforts to improve student access and retention remain critical to our enrollment management program forecasts.



In conclusion, the District continues to have a solid financial base. Reserves are believed to be adequate. The 2023-2024 final budget continues to be “structurally balanced”, with no need for augmentation from existing reserves.

**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 Monterey Peninsula Community College District at 980 Fremont Street, Monterey, California 93940-4799.

# Monterey Peninsula Community College District

## Statement of Net Position

June 30, 2023

Assets	
Cash and cash equivalents	\$ 3,741,063
Investments	76,810,393
Accounts receivable	8,033,721
Student receivables	238,923
Prepaid expenses	185,829
Capital assets and right-to-use subscription IT assets	
Nondepreciable capital assets	23,019,244
Depreciable capital assets, net of depreciation	127,478,991
Right-to-use subscription IT assets, net of amortization	5,996,455
Total capital assets and right-to-use subscription IT assets, net	156,494,690
Total assets	245,504,619
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	5,305,268
Deferred outflows of resources related to OPEB	6,565,808
Deferred outflows of resources related to pensions	15,362,764
Total deferred outflows of resources	27,233,840
Liabilities	
Accounts payable	14,491,614
Accrued interest payable	470,899
Unearned revenue	14,489,256
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	15,459,193
Long-term liabilities other than OPEB and pensions, due in more than one year	125,218,567
Aggregate net other postemployment benefits (OPEB) liability	4,885,429
Aggregate net pension liability	43,940,247
Total liabilities	218,955,205
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,708,514
Deferred inflows of resources related to pensions	4,532,251
Total deferred inflows of resources	6,240,765
Net Position	
Net investment in capital assets	62,675,132
Restricted for	
Debt service	15,458,296
Capital projects	672,529
Other activities	6,181,159
Unrestricted deficit	(37,444,627)
Total net position	\$ 47,542,489

Monterey Peninsula Community College District  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2023

Operating Revenues	
Tuition and fees	\$ 6,136,225
Less: Scholarship discounts and allowances	<u>(2,527,504)</u>
Net tuition and fees	<u>3,608,721</u>
Grants and contracts, noncapital	
Federal	9,706,209
State	18,087,311
Local	<u>138,656</u>
Total grants and contracts, noncapital	<u>27,932,176</u>
Total operating revenues	<u>31,540,897</u>
Operating Expenses	
Salaries	34,879,072
Employee benefits	5,151,630
Supplies, materials, and other operating expenses and services	26,701,032
Student financial aid	18,492,981
Equipment, maintenance, and repairs	1,093,771
Depreciation and amortization	<u>5,477,542</u>
Total operating expenses	<u>91,796,028</u>
Operating Loss	<u>(60,255,131)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	14,075,828
Local property taxes, levied for general purposes	29,695,328
Taxes levied for other specific purposes	15,836,682
Federal and State financial aid grants	9,146,850
State taxes and other revenues	2,200,623
Investment income, net	1,329,999
Interest expense on capital related debt	(4,017,442)
Investment income on capital asset-related debt, net	4,544
Other nonoperating revenue	<u>3,153,530</u>
Total nonoperating revenues (expenses)	<u>71,425,942</u>
Income Before Other Revenues	<u>11,170,811</u>
Other Revenues	
State revenues, capital	<u>1,781,730</u>
Change In Net Position	12,952,541
Net Position, Beginning of Year	<u>34,589,948</u>
Net Position, End of Year	<u>\$ 47,542,489</u>



Monterey Peninsula Community College District

Statement of Cash Flows

Year Ended June 30, 2023

Operating Activities	
Tuition and fees	\$ 3,064,356
Federal, state, and local grants and contracts, noncapital	35,290,488
Payments to or on behalf of employees	(45,188,543)
Payments to vendors for supplies and services	(28,026,534)
Payments to students for scholarships and grants	(18,492,981)
Net cash flows from operating activities	<u>(53,353,214)</u>
Noncapital Financing Activities	
State apportionments	14,511,840
Federal and state financial aid grants	9,146,850
Property taxes - nondebt related	29,695,328
State taxes and other apportionments	2,330,623
Other nonoperating	1,679,230
Net cash flows from noncapital financing activities	<u>57,363,871</u>
Capital Financing Activities	
Purchase of capital assets	(8,981,961)
State revenue, capital	1,781,730
Property taxes - related to capital debt	15,836,682
Principal paid on capital debt	(13,716,902)
Interest paid on capital debt	(1,278,818)
Interest received on capital asset-related debt	77,713
Net cash flows from capital financing activities	<u>(6,281,556)</u>
Investing Activities	
Change in fair market value of cash in county treasury	(101,204)
Interest received from investments	935,014
Net cash flows from investing activities	<u>833,810</u>
Change In Cash and Cash Equivalents	(1,437,089)
Cash and Cash Equivalents, Beginning of Year	<u>81,847,097</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 80,410,008</u></u>

# Monterey Peninsula Community College District

Statement of Cash Flows  
Year Ended June 30, 2023

Reconciliation of Net Operating Loss to Net Cash Flows From Operating Activities	
Operating Loss	<u>\$ (60,255,131)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	5,477,542
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables	568,532
Prepaid expenses	17,745
Deferred outflows of resources related to OPEB	(2,835,837)
Deferred outflows of resources related to pensions	(4,485,646)
Accounts payable	(193,463)
Unearned revenue	6,245,415
Compensated absences	49,390
Early retirement incentives	(160,235)
Aggregate net OPEB liability	21,220
Aggregate net pension liability	16,629,721
Deferred inflows of resources related to OPEB	90,979
Deferred inflows of resources related to pensions	<u>(14,523,446)</u>
Total adjustments	<u>6,901,917</u>
Net cash flows from operating activities	<u><u>\$ (53,353,214)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks and on hand	\$ 3,741,063
Cash in county treasury	<u>76,668,945</u>
Total cash and cash equivalents	<u><u>\$ 80,410,008</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 478,670
Amortization of debt premiums	\$ 68,806
Accretion of interest on capital appreciation bonds	\$ 2,333,512
Recognition of subscription based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	\$ 4,667,733

Monterey Peninsula Community College District  
Fiduciary Fund  
Statement of Net Position  
June 30, 2023

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 9,444,334</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 9,444,334</u>

Monterey Peninsula Community College District  
 Fiduciary Fund  
 Statement of Changes in Net Position  
 Year Ended June 30, 2023

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	<u>Retiree OPEB Trust</u>
Additions	
District contributions	\$ 3,724,749
Interest and investment income	291,249
Net realized and unrealized gain	<u>285,640</u>
Total additions	<u>4,301,638</u>
Deductions	
Benefit payments	1,524,749
Administrative expenses	<u>9,536</u>
Total deductions	<u>1,534,285</u>
Change in Net Position	2,767,353
Net Position - Beginning of Year	<u>6,676,981</u>
Net Position - End of Year	<u><u>\$ 9,444,334</u></u>

**Note 1 - Organization**

The Monterey Peninsula Community College District (the District) was established in September 1947 is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to the local residents of the surrounding area. The District consists of one community college located in Monterey, California. The District operates under a locally elected five-member Board of Trustees form of government and provides higher education in the County of Monterey. The District currently operates one college campus located in the city of Monterey, one educational center in Marina, and the Public Safety Training Center (PSTC) in Seaside. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of GASB Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

**Note 2 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The District has adopted accounting policies 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, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District has identified no component units.

The District has analyzed the financial and accountability relationship with the Monterey Peninsula College Foundation (the Foundations) in conjunction with GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organizations, and the District does provide and receive direct benefits to and from the Foundations. However, it has been determined that all criteria under GASB Statement No. 61 has not been met to require inclusion of the Foundation's financial statements into the District's annual report. Information on the Foundation may be requested through the Foundation office.

**Basis of Accounting**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, 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.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

### **Cash and Cash Equivalents**

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

### **Investments**

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

### **Accounts Receivable**

Accounts receivable include amounts due from 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. The District does not record an allowance for uncollectable accounts because collectability of the receivables from such sources are probably. When receivables are determined to be uncollectible, a direct write-off is recorded. Management has analyzed these accounts and believes all amounts are fully collectable.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather

than when purchased.

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

### **Right-to-use Subscription IT Assets and Amortization**

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

### **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 such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the government-wide financial statements.

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

financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

### **Debt Premiums**

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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 OPEB and pension related items.

### **Subscription-based IT Arrangements**

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset. The amortization of subscription-based IT arrangements is 5.5 years.

### **Pensions**

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



additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability will be paid primarily by the General Fund.

### **Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

### **Noncurrent Liabilities**

Noncurrent liabilities include general obligation bonds, compensated absences, early retirement incentives, subscription-based IT arrangements, aggregate net pension liability, aggregate net OPEB liability, and claims liability payable with maturities greater than one year.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital and right-of-use IT assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$22,311,984 of restricted net position, and the fiduciary fund financial statements report \$9,444,334 of restricted net position.

### Operating and Nonoperating Revenues and Expenses

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

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid
- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are usually 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 Monterey 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 Bonds in 2002 and 2020 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.

**Scholarship Discounts and Allowances**

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

**Financial Assistance Programs**

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Estimates**

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

**Interfund Activity**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds have been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

## Change in Accounting Principles

### Implementation of GASB Statement No. 91

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

### Implementation of GASB Statement No. 94

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

### Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation are included in Notes 6 and 7.

**Note 3 - Deposits and Investments**

**Policies and Practices**

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

**Investment in County Treasury** - In accordance with the California Community College's *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 the 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	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Authorized Under Debt Agreements**

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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 3,716,063	\$ -
Cash in revolving	25,000	-
Investments	76,810,393	9,444,334
Total deposits and investments	\$ 80,551,456	\$ 9,444,334

**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 Monterey County Investment Pool, mutual funds, and the master trust.

**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 investments in the Monterey County Investment Pool, Mutual Funds, and the Master Trust are not required to be rated, nor have been rated as of June 30, 2023.

Information about the sensitivity of the fair values of the District’s investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District’s investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Master trust	\$ 9,444,334	No maturity	Not rated
Mutual funds	141,448	No maturity	Not rated
Monterey County Investment Pool	<u>76,668,945</u>	337	Not rated
Total	<u><u>\$ 86,254,727</u></u>		

**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 of Deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District’s bank balance of \$4,484,356 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of the District.

**Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District’s investment balance of \$8,944,334 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 4 - Fair Value Measurements**

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District’s fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value	Level 1 Inputs	Level 3 Inputs
Master trust	\$ 9,444,334	\$ -	\$ 9,444,334
Mutual funds	141,448	141,448	-
Total	\$ 9,585,782	\$ 141,448	\$ 9,444,334

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



**Note 5 - Accounts Receivable**

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

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 4,173,846
State Government	
Apportionment	567,310
Categorical aid	426,789
Lottery	225,000
Local Sources	
Interest	449,800
Other local sources	<u>2,190,976</u>
Total	<u>\$ 8,033,721</u>
Student receivables	<u><u>\$ 238,923</u></u>

Monterey Peninsula Community College District

Notes to Financial Statements

June 30, 2023

**Note 6 - Capital Assets and Right-to-Use Subscription IT Assets**

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

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 11,752,000	\$ -	\$ -	\$ 11,752,000
Construction in progress	2,014,788	10,956,639	(1,704,183)	11,267,244
Total capital assets not being depreciated	<u>13,766,788</u>	<u>10,956,639</u>	<u>(1,704,183)</u>	<u>23,019,244</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	31,117,067	131,934	-	31,249,001
Buildings and improvements	161,105,209	1,228,387	-	162,333,596
Furniture and equipment	9,942,029	1,090,600	-	11,032,629
Total capital assets being depreciated	<u>202,164,305</u>	<u>2,450,921</u>	<u>-</u>	<u>204,615,226</u>
Total capital assets	<u>215,931,093</u>	<u>13,407,560</u>	<u>(1,704,183)</u>	<u>227,634,470</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	(20,096,584)	(1,533,626)	-	(21,630,210)
Buildings and improvements	(43,684,501)	(3,110,561)	-	(46,795,062)
Furniture and equipment	(8,365,282)	(345,681)	-	(8,710,963)
Total accumulated depreciation	<u>(72,146,367)</u>	<u>(4,989,868)</u>	<u>-</u>	<u>(77,136,235)</u>
Net capital assets	<u>143,784,726</u>	<u>8,417,692</u>	<u>(1,704,183)</u>	<u>150,498,235</u>
<b>Right-to-use Subscription IT Assets</b>				
Right-to-use subscription IT assets				
-ERP implementation costs	-	1,816,396	-	1,816,396
Right-to-use subscription IT assets	-	4,667,733	-	4,667,733
Accumulated amortization	-	(487,674)	-	(487,674)
Net right-to-use subscription IT assets	<u>-</u>	<u>5,996,455</u>	<u>-</u>	<u>5,996,455</u>
Total capital assets and right-to-use subscription IT assets, net	<u>\$ 143,784,726</u>	<u>\$ 14,414,147</u>	<u>\$ (1,704,183)</u>	<u>\$ 156,494,690</u>

**Note 7 - Long-Term Liabilities other than OPEB and Pensions**

**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2023 consisted of the following:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	\$ 143,890,067	\$ 2,333,512	\$ (13,520,000)	\$ 132,703,579	\$ 14,530,000
Bond premium	899,828	-	(68,806)	831,022	-
Subscription-based IT arrangements	-	4,667,733	(196,902)	4,470,831	768,958
Compensated absences	1,345,367	49,390	-	1,394,757	-
Early retirement incentives	640,940	-	(160,235)	480,705	160,235
Claims liability	796,866	-	-	796,866	-
<b>Total</b>	<b>\$ 147,573,068</b>	<b>\$ 7,050,635</b>	<b>\$ (13,945,943)</b>	<b>\$ 140,677,760</b>	<b>\$ 15,459,193</b>

**Description of Long-Term Liabilities**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The subscription-based IT arrangements will be paid by the General Obligation Bond Construction Fund – Measure V. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund. The early retirement incentives will be paid by the General Fund.

**General Obligation Bonds**

**2016 General Obligation Refunding Bonds, Series B**

In May 2016, the District issued the \$105,348,522 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2034, with interest rates from 1.65% to 4.00%. The net proceeds of \$106,531,137 (representing the principal amount of \$105,348,522 plus premium on issuance of \$1,182,615) from the issuance were used to advance refund a portion of the District’s outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2023, the principal balance outstanding was \$108,968,579. Unamortized premium received on issuance of the bonds and deferred outflows of resources on refunding amounted to \$718,209 and \$5,305,268, respectively, as of June 30, 2023.

**Election 2020 General Obligation Bonds, Series 2021A**

In August 2021, the District issued the Election 2020 General Obligation Bonds, Series 2021A, in the amount of \$30,000,000. The bonds have a final maturity date of August 1, 2051, with interest rates ranging from 0.18% to 2.95%. The net proceeds of \$30,120,156 (representing the principal amount of \$30,000,000 plus premium on issuance of \$120,156) from the issuance were used to finance the repair, upgrading, modernization and equipping of District sites and facilities, and to pay the cost of issuance associated with the bonds. At June 30, 2023, the principal balance outstanding was \$23,735,000. Unamortized premium received on issuance of the bonds amounted to \$112,813, as of June 30, 2023.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Accreted Interest	Redeemed	Bonds Outstanding June 30, 2023
6/2/2016	8/1/2034	1.65%-4.00%	\$ 105,348,522	\$ 113,890,067	\$ -	\$ 2,333,512	\$ (7,255,000)	\$ 108,968,579
8/25/2021	8/1/2051	0.18%-2.95%	30,000,000	30,000,000	-	-	(6,265,000)	23,735,000
				<u>\$ 143,890,067</u>	<u>\$ -</u>	<u>\$ 2,333,512</u>	<u>\$ (13,520,000)</u>	<u>\$ 132,703,579</u>

Monterey Peninsula Community College District

Notes to Financial Statements

June 30, 2023

The general obligation bonds mature through 2052 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2024	\$ 14,461,290	\$ 68,710	\$ 1,088,939	\$ 15,618,939
2025	15,159,630	235,370	1,029,430	16,424,430
2026	8,074,404	445,596	1,011,144	9,531,144
2027	8,258,795	716,205	1,011,144	9,986,144
2028	8,394,246	1,055,754	1,011,144	10,461,144
2029-2033	43,894,402	11,340,598	5,053,345	60,288,345
2034-2038	26,410,812	1,289,188	2,034,252	29,734,252
2039-2043	2,000,000	-	1,032,403	3,032,403
2044-2048	2,905,000	-	686,248	3,591,248
2049-2052	3,145,000	-	193,216	3,338,216
Total	<u>\$ 132,703,579</u>	<u>\$ 15,151,421</u>	<u>\$ 14,151,265</u>	<u>\$ 162,006,265</u>

**Subscriptions-Based IT Arrangements (SBITAs)**

The District entered into a SBITA for the use of cloud software related to the Banner ERP implementation. At June 30, 2023, the District has recognized right-to-use subscription IT assets of \$6,484,129 and a SBITA liability of \$4,470,831 related to this agreement. During the fiscal year, the District recorded \$487,674 in amortization expense and \$100,451 in interest expense. The District is required to make total principal and interest payments of \$4,839,171 through July 2027. The subscription has a discount rate of 3.99%.

Fiscal Year	Principal	Interest	Total
2024	\$ 768,958	\$ 142,419	\$ 911,377
2025	827,570	110,284	937,854
2026	888,950	76,176	965,126
2027	956,905	39,461	996,366
2028	1,028,448	-	1,028,448
Total	<u>\$ 4,470,831</u>	<u>\$ 368,340</u>	<u>\$ 4,839,171</u>

**Early Retirement Incentives**

The District has entered into agreements to provide certain benefits to employees participating in early retirement incentive offerings. The District will pay a remaining total amount of \$480,705 on behalf of retirees through the 2026 fiscal year with the following schedule:

Fiscal Year	
2024	\$ 160,235
2025	160,235
2026	160,235
Total	<u>\$ 480,705</u>

**Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability**

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 4,743,898	\$ 6,565,808	\$ 1,708,514	\$ (2,690,465)
Medicare Premium Payment (MPP) Program	141,531	-	-	(33,173)
Total	<u>\$ 4,885,429</u>	<u>\$ 6,565,808</u>	<u>\$ 1,708,514</u>	<u>\$ (2,723,638)</u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Community College League of California (CCLC) Retiree Health Benefit Program Joint Powers Authority.

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefits payments	65
Active employees	239
Total	<u>304</u>

**Monterey Peninsula Community College District Retiree Health Benefit Program Trust**

The Monterey Peninsula Community College District Retiree Health Benefit Program Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Community College League of California (CCLC) Retiree Health Benefit Program Joint Powers Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

**Benefits Provided**

The Plan provides medical insurance benefits to eligible retirees 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.

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Monterey Peninsula College Teachers Association (MPCTA), the local California School Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, MPCTA, CSEA and unrepresented groups are based on the availability of funds. For the measurement period of June 30, 2022, the District contributed \$985,655 to the Plan, all of which was used for current premiums.

**Investment**

**Investment Policy**

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board’s adopted asset allocation policy as of June 30, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	29%
US Small Cap	13%
All Foreign Stock	9%
Other Fixed Income	49%

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -12.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District’s net OPEB liability of \$4,743,898 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	\$ 11,420,879
Plan fiduciary net position	<u>(6,676,981)</u>
Net OPEB liability	<u>\$ 4,743,898</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>58.46%</u>



**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:

Inflation	2.50 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	5.75 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00 percent

The discount rate was based on the long-term expected return on Plan assets along with the long-term inflation assumption. The expected investment return was offset by 25 basis points for investment expenses.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study as of July 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, (see the discussion of the Plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	7.545%
US Small Cap	7.545%
All Foreign Stock	7.545%
Other Fixed Income	3.000%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2021	\$ 12,295,290	\$ 7,605,785	\$ 4,689,505
Service cost	581,798	-	581,798
Interest	705,235	-	705,235
Difference between expected and actual experience	(240,312)	-	(240,312)
Contributions - employer	-	985,655	(985,655)
Expected investment income	-	(921,464)	921,464
Changes of assumptions	(935,477)	-	(935,477)
Benefit payments	(985,655)	(985,655)	-
Administrative expense	-	(7,340)	7,340
<b>Net change in total OPEB liability</b>	<b>(874,411)</b>	<b>(928,804)</b>	<b>54,393</b>
Balance, June 30, 2022	<u>\$ 11,420,879</u>	<u>\$ 6,676,981</u>	<u>\$ 4,743,898</u>

There were no changes in benefit terms since the previous valuation. Changes of assumptions reflects an update of the mortality tables from the 2017 CalPERS Mortality for Miscellaneous Employees to the 2021 CalPERS Mortality for Miscellaneous and Schools Employees since the previous valuation.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (4.75%)	\$ 5,556,065
Current discount rate (5.75%)	4,743,898
1% increase (6.75%)	3,998,118

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

<u>Healthcare Cost Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 3,807,014
Current healthcare cost trend rate (4.00%)	4,743,898
1% increase (5.00%)	5,830,608

**Deferred Outflows/Inflows of Resources Related to OPEB**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 3,724,749	\$ -
Differences between expected and actual experience	2,026,819	707,921
Changes of assumptions	370,879	1,000,593
Net difference between projected and actual earnings on OPEB plan investments	443,361	-
Total	<u>\$ 6,565,808</u>	<u>\$ 1,708,514</u>

The deferred outflows of resources related to OPEB resulting from the District’s benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 66,948
2025	64,578
2026	40,134
2027	271,701
Total	<u>\$ 443,361</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 11.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 109,041
2025	109,041
2026	109,041
2027	109,041
2028	202,095
Thereafter	50,925
Total	<u>\$ 689,184</u>

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2023, the District reported a liability of \$141,531 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0430% and 0.0438%, respectively, resulting in a net decrease in the proportionate share of 0.0008%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(33,173).

**Actuarial Methods and Assumptions**

The June 30, 2022 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

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

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

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

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

**Discount Rate**

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.54%)	\$ 154,296
Current discount rate (3.54%)	141,531
1% increase (4.54%)	130,478

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 129,859
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	141,531
1% increase (5.50% Part A and 6.40% Part B)	154,760

**Note 9 - Employee Retirement Systems**

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 19,892,414	\$ 6,406,895	\$ 3,881,469	\$ 1,369,818
CalPERS	24,047,833	8,955,869	650,782	3,422,660
Total	<u>\$ 43,940,247</u>	<u>\$ 15,362,764</u>	<u>\$ 4,532,251</u>	<u>\$ 4,792,478</u>

The details of each plan are as follows:

**California State Teachers’ Retirement System (CalSTRS)**

**Plan Description**

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

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

<http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

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

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

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



**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers’ Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District’s total contributions were \$3,793,664.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 19,892,414
State's proportionate share of net pension liability associated with the District	<u>9,962,043</u>
Total	<u><u>\$ 29,854,457</u></u>

The net pension liability was measured as of June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0286% and 0.0291%, respectively, resulting in a net decrease in the proportionate share of 0.0005%.

Monterey Peninsula Community College District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$1,369,818. In addition, the District recognized pension expense and revenue of \$803,432 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,793,664	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,610,394	1,417,175
Differences between projected and actual earnings on pension plan investments	-	972,778
Differences between expected and actual experience in the measurement of the total pension liability	16,318	1,491,516
Changes of assumptions	986,519	-
Total	\$ 6,406,895	\$ 3,881,469

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (714,577)
2025	(774,124)
2026	(1,162,892)
2027	1,678,815
Total	\$ (972,778)

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 526,543
2025	(188,214)
2026	(47,702)
2027	(46,792)
2028	(396,250)
Thereafter	<u>(143,045)</u>
Total	<u>\$ (295,460)</u>

**Actuarial Methods and Assumptions**

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	-0.4%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and 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.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 33,784,697
Current discount rate (7.10%)	19,892,414
1% increase (8.10%)	8,357,642

**California Public Employees’ Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This 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 age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
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%	8.00%
Required employer contribution rate	25.37%	25.37%

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were \$3,378,185.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$24,047,833. The net pension liability was measured as of June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0699% and 0.0691%, respectively, resulting in a net increase in the proportionate share of 0.0008%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,422,660. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,378,185	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	850,685	52,441
Differences between projected and actual earnings on pension plan investments	2,839,395	-
Differences between expected and actual experience in the measurement of the total pension liability	108,682	598,341
Changes of assumptions	<u>1,778,922</u>	<u>-</u>
Total	<u>\$ 8,955,869</u>	<u>\$ 650,782</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.

Monterey Peninsula Community College District

Notes to Financial Statements

June 30, 2023

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 473,521
2025	419,980
2026	214,531
2027	1,731,363
Total	\$ 2,839,395

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 818,953
2025	768,602
2026	506,688
2027	(6,736)
Total	\$ 2,087,507

**Actuarial Methods and Assumptions**

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

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

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

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

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



**Discount Rate**

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 34,738,312
Current discount rate (6.90%)	24,047,833
1% increase (7.90%)	15,212,545

**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 \$1,598,200 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Deferred Compensation**

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The plan, 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 10 - Risk Management**

**Claims Liability**

The District records an estimated liability for healthcare claims against the District. Claims liability is based on the ultimate cost of the reported claims including future claim adjustment expense and an estimate for claims incurred, but not reported, based on historical experience. The projected liability for unpaid losses reported in the Statement of Net Position is \$796,866 and was calculated using claim lag reports and completion factor methodology.

	<u>Healthcare</u>
Liability Balance, July 1, 2021	\$ 796,866
Claims and changes in estimates	11,558,871
Claims payments	<u>(11,558,871)</u>
Liability Balance, June 30, 2022	796,866
Claims and changes in estimates	10,299,420
Claims payments	<u>(10,299,420)</u>
Liability Balance, June 30, 2023	<u>\$ 796,866</u>
Assets available to pay claims at June 30, 2023	<u>\$ 3,323,086</u>

**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. The District purchases coverage through their participation in the Bay Area Community College District Joint Powers Authority (BACCD JPA). The coverage provides liability coverage up to \$1 million per occurrence. In addition, through participation in the BACCD JPA, the District also has coverage for damage to or loss of property up to \$250,250,000 per occurrence. The District liability and property coverage is subject to a \$100,000 and \$250,000, respectively, per occurrence deductible. The District also provides health insurance benefits to District employees, their families, and retirees of the District.

**Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2023, the District contracted with the Bay Area Community College District Joint Powers Authority for property and liability insurance coverage. During the past three years the District had no claims that exceeded the limit of liability provided by the BACCD JPA. Additionally, there has been no reduction in the coverage provided by the BACCD JPA.

**Workers' Compensation**

For fiscal year 2022-2023, the District participated in the Northern California Community College Pool, an insurance purchasing pool. The intent of the Pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Pool. 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 Pool. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Pool is limited to community college districts that can meet the Pool's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits	
Northern California Community College JPA	Workers' Compensation	\$	1,000,000
Bay Area Community College District JPA	Property	\$	250,250,000
Bay Area Community College District JPA	General Liability	\$	1,000,000

**Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Bay Area Community College District (BACCD) JPA, the Northern California Community College Pool (NCCCP), and the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority. The District pays annual premiums for its property and liability, health, workers' compensation, dental, and vision coverage. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

**Note 11 - Commitments and Contingencies**

**Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

**Litigation**

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

**Construction Commitments**

As of June 30, 2023, the District had approximately \$9.1 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.



Required Supplementary Information  
June 30, 2023

**Monterey Peninsula  
Community College District**

**Monterey Peninsula Community College District**  
**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**  
**Year Ended June 30, 2023**

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 581,798	\$ 543,282	\$ 582,303
Interest	705,235	684,558	602,519
Difference between expected and actual experience	(240,312)	461,409	1,595,077
Changes of assumptions	(935,477)	219,180	(203,528)
Benefit payments	(985,655)	(1,040,187)	(1,132,096)
Net change in total OPEB liability	(874,411)	868,242	1,444,275
Total OPEB Liability - Beginning	12,295,290	11,427,048	9,982,773
Total OPEB Liability - Ending (a)	<u>\$ 11,420,879</u>	<u>\$ 12,295,290</u>	<u>\$ 11,427,048</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 985,655	\$ 1,040,187	\$ 2,203,315
Expected investment income	(921,464)	372,111	212,803
Differences between projected and actual earnings on OPEB plan investments	-	1,157,854	-
Benefit payments	(985,655)	(1,040,187)	(1,132,096)
Administrative expense	(7,340)	(252,057)	(8,810)
Net change in plan fiduciary net position	(928,804)	1,277,908	1,275,212
Plan Fiduciary Net Position - Beginning	7,605,785	6,327,877	5,052,665
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,676,981</u>	<u>\$ 7,605,785</u>	<u>\$ 6,327,877</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 4,743,898</u>	<u>\$ 4,689,505</u>	<u>\$ 5,099,171</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>58.46%</u>	<u>61.86%</u>	<u>55.38%</u>
Covered Payroll	<u>\$ 29,940,401</u>	<u>\$ 28,945,672</u>	<u>\$ 28,516,668</u>
Net OPEB Liability as a Percentage of Covered Payroll	<u>15.84%</u>	<u>16.20%</u>	<u>17.88%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

Monterey Peninsula Community College District  
Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
Year Ended June 30, 2023

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 521,369	\$ 495,830	\$ 234,699
Interest	545,492	661,508	639,050
Difference between expected and actual experience	891,338	(1,070,066)	-
Changes of assumptions	340,877	-	-
Benefit payments	(1,402,973)	(1,297,047)	(582,995)
Net change in total OPEB liability	896,103	(1,209,775)	290,754
Total OPEB Liability - Beginning	9,086,670	10,296,445	10,005,691
Total OPEB Liability - Ending (a)	<u>\$ 9,982,773</u>	<u>\$ 9,086,670</u>	<u>\$ 10,296,445</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,814,983	\$ 1,827,907	\$ 695,009
Expected investment income	296,669	250,243	295,578
Differences between projected and actual earnings on OPEB plan investments	(11,849)	(4,882)	-
Benefit payments	(1,402,973)	(1,297,047)	(582,995)
Administrative expense	(4,592)	(500)	(500)
Net change in plan fiduciary net position	692,238	775,721	407,092
Plan Fiduciary Net Position - Beginning	4,360,427	3,584,706	3,177,614
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,052,665</u>	<u>\$ 4,360,427</u>	<u>\$ 3,584,706</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 4,930,108</u>	<u>\$ 4,726,243</u>	<u>\$ 6,711,739</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.61%	47.99%	34.81%
Covered Payroll	<u>\$ 26,642,274</u>	<u>\$ 26,066,191</u>	<u>\$ 23,494,589</u>
Net OPEB Liability as a Percentage of Covered Payroll	18.50%	18.13%	28.57%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

**Monterey Peninsula Community College District**  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2023

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	2023	2022	2021
Annual money-weighted rate of return, net of investment expense	-12.21%	21.93%	3.14%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020

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



**Monterey Peninsula Community College District**  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2023

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	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.88%	6.51%	9.23%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

**Monterey Peninsula Community College District**  
 Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
 Year Ended June 30, 2023

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Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.0430%	0.0438%	0.0522%
Proportionate share of the net OPEB liability	\$ 141,531	\$ 174,704	\$ 221,013
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

**Monterey Peninsula Community College District**  
 Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
 Year Ended June 30, 2023

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Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0480%	0.0479%	0.0505%
Proportionate share of the net OPEB liability	\$ 178,585	\$ 183,407	\$ 212,524
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

**Monterey Peninsula Community College District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Proportion of the net pension liability	<u>0.0286%</u>	<u>0.0291%</u>	<u>0.0299%</u>	<u>0.0271%</u>	<u>0.0267%</u>
Proportionate share of the net pension liability	<u>\$ 19,892,414</u>	<u>\$ 13,260,491</u>	<u>\$ 29,005,088</u>	<u>\$ 24,483,436</u>	<u>\$ 24,535,147</u>
State's proportionate share of the net pension liability associated with the District	<u>9,962,043</u>	<u>6,672,165</u>	<u>14,952,126</u>	<u>13,357,349</u>	<u>14,047,519</u>
Total	<u>\$ 29,854,457</u>	<u>\$ 19,932,656</u>	<u>\$ 43,957,214</u>	<u>\$ 37,840,785</u>	<u>\$ 38,582,666</u>
Covered payroll	<u>\$ 18,063,871</u>	<u>\$ 17,806,155</u>	<u>\$ 17,351,164</u>	<u>\$ 15,691,720</u>	<u>\$ 15,112,904</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>110.12%</u>	<u>74.47%</u>	<u>167.17%</u>	<u>156.03%</u>	<u>162.35%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>CalPERS</b>					
Proportion of the net pension liability	<u>0.0699%</u>	<u>0.0691%</u>	<u>0.0667%</u>	<u>0.0663%</u>	<u>0.0673%</u>
Proportionate share of the net pension liability	<u>\$ 24,047,833</u>	<u>\$ 14,050,035</u>	<u>\$ 20,455,190</u>	<u>\$ 19,317,902</u>	<u>\$ 17,956,579</u>
Covered payroll	<u>\$ 11,876,530</u>	<u>\$ 11,139,517</u>	<u>\$ 11,165,504</u>	<u>\$ 10,950,554</u>	<u>\$ 10,953,287</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>202.48%</u>	<u>126.13%</u>	<u>183.20%</u>	<u>176.41%</u>	<u>163.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

**Monterey Peninsula Community College District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2023**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	<u>0.0279%</u>	<u>0.0290%</u>	<u>0.0317%</u>	<u>0.0320%</u>
Proportionate share of the net pension liability	<u>\$ 25,804,391</u>	<u>\$ 23,455,119</u>	<u>\$ 21,365,382</u>	<u>\$ 19,691,915</u>
State's proportionate share of the net pension liability associated with the District	<u>15,265,660</u>	<u>13,352,581</u>	<u>11,299,932</u>	<u>11,286,985</u>
Total	<u><u>\$ 41,070,051</u></u>	<u><u>\$ 36,807,700</u></u>	<u><u>\$ 32,665,314</u></u>	<u><u>\$ 30,978,900</u></u>
Covered payroll	<u>\$ 15,411,582</u>	<u>\$ 15,041,901</u>	<u>\$ 14,507,218</u>	<u>\$ 14,503,338</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>167.44%</u>	<u>155.93%</u>	<u>147.27%</u>	<u>135.78%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>				
Proportion of the net pension liability	<u>0.0635%</u>	<u>0.0665%</u>	<u>0.0728%</u>	<u>0.0813%</u>
Proportionate share of the net pension liability	<u>\$ 15,152,951</u>	<u>\$ 13,143,367</u>	<u>\$ 10,727,955</u>	<u>\$ 9,225,415</u>
Covered payroll	<u>\$ 8,083,007</u>	<u>\$ 7,987,128</u>	<u>\$ 8,057,608</u>	<u>\$ 8,531,836</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>187.47%</u>	<u>164.56%</u>	<u>133.14%</u>	<u>108.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Monterey Peninsula Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 3,793,664	\$ 3,056,407	\$ 2,875,694	\$ 2,967,049	\$ 2,554,612
Less contributions in relation to the contractually required contribution	<u>(3,793,664)</u>	<u>(3,056,407)</u>	<u>(2,875,694)</u>	<u>(2,967,049)</u>	<u>(2,554,612)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 19,862,115</u>	<u>\$ 18,063,871</u>	<u>\$ 17,806,155</u>	<u>\$ 17,351,164</u>	<u>\$ 15,691,720</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 3,378,185	\$ 2,720,913	\$ 2,305,880	\$ 2,201,949	\$ 1,977,889
Less contributions in relation to the contractually required contribution	<u>(3,378,185)</u>	<u>(2,720,913)</u>	<u>(2,305,880)</u>	<u>(2,201,949)</u>	<u>(1,977,889)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 13,315,668</u>	<u>\$ 11,876,530</u>	<u>\$ 11,139,517</u>	<u>\$ 11,165,504</u>	<u>\$ 10,950,554</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

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

Monterey Peninsula Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2023

	2018	2017	2016	2015
<b>CalSTRS</b>				
Contractually required contribution	\$ 2,180,792	\$ 1,938,777	\$ 1,613,996	\$ 1,288,241
Less contributions in relation to the contractually required contribution	<u>(2,180,792)</u>	<u>(1,938,777)</u>	<u>(1,613,996)</u>	<u>(1,288,241)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 15,112,904</u>	<u>\$ 15,411,582</u>	<u>\$ 15,041,901</u>	<u>\$ 14,507,218</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 1,701,155	\$ 1,122,568	\$ 946,235	\$ 948,461
Less contributions in relation to the contractually required contribution	<u>(1,701,155)</u>	<u>(1,122,568)</u>	<u>(946,235)</u>	<u>(948,461)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,953,287</u>	<u>\$ 8,083,007</u>	<u>\$ 7,987,128</u>	<u>\$ 8,057,608</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

**Note 1 - Purpose of Schedules****Schedule of Changes in the District's Net OPEB Liability and Related Ratios**

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - Changes of assumptions reflects an update of the mortality tables from the 2017 CalPERS Mortality for Miscellaneous Employees to the 2021 CalPERS Mortality for Miscellaneous and Schools Employees since the previous valuation.

**Schedule of OPEB Investment Returns**

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

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

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

**Schedule of District Contributions for Pensions**

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





Supplementary Information  
June 30, 2023

**Monterey Peninsula  
Community College District**

The Monterey Peninsula Community College District was established in 1961. The District provides higher education to communities within Monterey County. The District currently operates one campus located in Monterey and one education center. There were no changes to the District’s boundaries during the 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.

**Board of Trustees as of June 30, 2023**

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Rosalyn Green	Chair	2026
Ms. Elizabeth Downey	Vice Chair	2024
Ms. Yuri Anderson	Trustee	2026
Ms. Debeliah Anthony	Trustee	2024
Dr. Loren Steck	Trustee	2024
Ms. Jocelyn Torres Vasquez	Student Trustee	2024

**Administration as of June 30, 2023**

Dr. Mark Zacovic	Interim Superintendent/President
Dr. Jon Knolle	Vice President of Academic Affairs
Mr. Steve Haigler	Vice President, Administrative Services
Ms. Rebecca Michael	Vice President, Advancement
Mr. David Betts	Vice President of Human Resources and Employee Relations
Mr. Laurence Walker	Vice President of Student Services

**Auxiliary Organizations in Good Standing**

Monterey Peninsula College Foundation, established 1994  
 Master Agreement revised - 2017  
 Ms. Rebecca Michael, Executive Director

Monterey Peninsula Community College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 5,526,539
Federal Direct Student Loans	84.268		807,635
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		235,593
Federal Work-Study Program	84.033		136,959
Subtotal Student Financial Assistance Cluster			<u>6,706,726</u>
TRIO Cluster			
Student Support Services Program	84.042A		331,264
Upward Bound Program	84.047A		466,493
Upward Bound - Math and Science	84.047M		471,995
Subtotal TRIO Cluster			<u>1,269,752</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		3,399,127
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		1,665,768
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		256,989
COVID-19: Higher Education Emergency Relief Funds, Institutional Resilience and Expanded Postsecondary Opportunity	84.425P		1,451,400
Subtotal			<u>6,773,284</u>
Title V - Ready, Set, Transfer	84.031S		827,589
Title V - Engage, Promote, Connect	84.031S		779,546
Enhanced Diversity in STEM through Magnified Resources	84.031C		755,395
Subtotal			<u>2,362,530</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-033	207,585
Total U.S. Department of Education			<u>17,319,877</u>
Research and Development Cluster			
National Science Foundation			
MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce	47.076		209,668
MATE: A New Approach to ESROV	47.076		74,230
Marine Advanced Technology Education Support Center	47.076		48,050
Passed through University Corporation at Monterey Bay Robert Noyce Teacher Scholarship Program	47.076	5059601A/ 06302021-A	4,750
Improving Undergraduate STEM Education (IUSE)	47.076	[1]	35,106
Passed through Allan Hancock Community College District Louis Stokes B2B Alliance	47.076	NSFC6-03	10,197
Total National Science Foundation			<u>382,001</u>
U.S. Department of Health and Human Services			
Passed through from the Regents of the University of California, Santa Cruz Baccalaureate Bridge to the Biomedical Sciences Program (ACCESS)	93.859	[1]	6,656
Subtotal Research and Development Cluster			<u>388,657</u>

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

Monterey Peninsula Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through from California Department of Education Child and Adult Care Food Program	10.558	04130-CACFP- 27-CC-IC	\$ 26,101
Total U.S. Department of Agriculture			<u>26,101</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: State Fiscal Recovery Funds	21.027		963,000
Total U.S. Department of the Treasury			<u>963,000</u>
U.S. Department of Veterans Affairs			
Veterans Education	64.116		2,415
Total U.S. Department of Veterans Affairs			<u>2,415</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office Temporary Assistance for Needy Families (TANF) Child Care and Development Fund (CCDF) Cluster	93.558	[1]	35,118
Passed through from Yosemite Community College District Child Development Training Consortium	93.575	21-22-3969	6,678
Subtotal CCDF Cluster			<u>6,678</u>
Total U.S. Department of Health and Human Services			<u>41,796</u>
Total Federal Financial Assistance			<u>\$ 18,741,846</u>

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

Monterey Peninsula Community College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2023

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenues/ Accounts Payable		
Access Resource Center (DSP&S)	\$ 1,114,299	\$ -	\$ 252,889	\$ 861,410	\$ 861,410
Adult Education Block Grant	121,040	-	6,133	114,907	114,907
Basic Needs Centers	444,784	-	158,306	286,478	286,478
CalFresh Outreach	30,718	-	22,718	8,000	8,000
California Promise Scholarship	861,345	-	296,656	564,689	564,689
California State Preschool Program	535,089	102,091	-	637,180	458,266
CalWORKs	271,949	-	76,043	195,906	195,906
Cap and Gown Grant Funds	17,500	-	17,500	-	-
CARE	375,336	-	139,385	235,951	235,951
Cash4College	5,632	-	5,632	-	-
CCAP Instructional Materials for Dual Enrollment	40,982	-	24,085	16,897	16,897
COVID-19 Recovery Block Grant (CRF)	3,235,617	-	3,196,908	38,709	38,709
CTE - Data Unlocked	49,872	-	49,872	-	-
Culturally Comp Faculty Professional Development	200,435	-	193,778	6,657	6,657
EEO Best Practices	208,333	-	206,423	1,910	1,910
Extended Opportunity Programs and Service (EOPS)	1,386,719	-	226,390	1,160,329	1,160,329
Financial Aid Technology	141,589	-	67,936	73,653	73,653
First 5 Workforce Development Incentive Project	64,905	32,544	-	97,449	97,449
Guided Pathways	263,067	-	234,137	28,930	28,930
Institutional Effectiveness Partnership Initiative	37,036	-	-	37,036	37,036
Instructional Equipment	945,295	-	87,735	857,560	857,560
Learning Aligned Employment-LAEP	1,127,385	-	1,127,385	-	-
LGBTQIA	63,661	-	57,952	5,709	5,709
Library	17,118	-	16,146	972	972
Lottery Prop 20	1,193,472	145,000	778,968	559,505	559,505

Monterey Peninsula Community College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2023

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenues/ Accounts Payable		
Mental Health Support	\$ 368,228	\$ -	\$ 187,904	\$ 180,324	\$ 180,324
NextUp	384,613	-	302,428	82,185	82,185
Regional Equity and Recovery Partnership	38,203	-	38,203	-	-
Regional Nursing Program Grant	188,697	-	3,180	185,517	185,517
Retention and Enrollment Outreach	1,521,199	-	912,358	608,841	608,841
Scheduled Maintenance	5,554,017	-	5,551,239	2,778	2,778
Song Brown Grant	130,000	-	(30,000)	160,000	160,000
Staff Diversity	204,824	-	133,441	71,383	71,383
Strong Workforce Program (Direct from CCCCO)	1,597,533	-	835,732	764,951	764,951
Strong Workforce Program (Regional pass through Cabrillo CCD)	286,129	292,154	-	578,283	578,283
Student Equity and Achievement	2,573,251	-	75,210	2,498,041	2,498,041
Student Financial Aide Administration (BFAP)	286,263	-	-	286,263	286,263
Student Food and Housing Support	417,138	-	416,326	812	812
Student Success Completion	1,526,063	-	339,075	1,186,988	1,186,988
Supp Emergency Financial Aid Grant	101,562	-	101,562	-	-
Systemwide Tech.	300,000	-	243,214	56,786	56,786
Teacher Credentialing Pathway	305,757	-	-	305,757	305,757
Technology and Data Security	50,000	-	50,000	-	-
Umoja	14,978	-	1,655	13,323	13,323
Undocumented Res Liaisons	206,689	-	198,558	8,131	8,131
Veterans Resource Center	170,471	-	80,585	89,886	89,886
Zero Textbook Cost Prog (One-Time)	180,000	-	180,000	-	-
Zero Textbook Cost Program	20,000	-	19,326	674	674
<b>Total state programs</b>	<b>\$ 29,178,793</b>	<b>\$ 571,789</b>	<b>\$ 16,882,973</b>	<b>\$ 12,870,760</b>	<b>\$ 12,691,846</b>

Monterey Peninsula Community College District  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2023

CATEGORIES	** Revised Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit*	18.50	-	18.50
2. Credit	498.41	-	498.41
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit*	0.27	-	0.27
2. Credit	25.11	-	25.11
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,349.37	-	1,349.37
(b) Daily Census Contact Hours	170.60	-	170.60
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	123.93	-	123.93
(b) Credit	1,187.31	-	1,187.31
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	586.79	-	586.79
(b) Daily Census Procedure Courses	1,435.54	-	1,435.54
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>5,395.83</u>	<u>-</u>	<u>5,395.83</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit*	-	-	-
2. Credit	-	-	-
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	36.16	-	36.16
<b>Centers FTES</b>			
1. Noncredit*	28.07	-	28.07
2. Credit	895.19	-	895.19

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

\*\*Annual report revised as of October 31, 2023.

Monterey Peninsula Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 8,475,200	\$ -	\$ 8,475,200	\$ 8,475,200	\$ -	\$ 8,475,200
Other	1300	6,059,569	-	6,059,569	6,064,437	-	6,064,437
Total Instructional Salaries		14,534,769	-	14,534,769	14,539,637	-	14,539,637
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,226,812	-	3,226,812
Other	1400	-	-	-	675,030	-	675,030
Total Noninstructional Salaries		-	-	-	3,901,842	-	3,901,842
Total Academic Salaries		14,534,769	-	14,534,769	18,441,479	-	18,441,479
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	6,485,064	-	6,485,064
Other	2300	-	-	-	321,676	-	321,676
Total Noninstructional Salaries		-	-	-	6,806,740	-	6,806,740
Instructional Aides							
Regular Status	2200	557,278	-	557,278	835,863	-	835,863
Other	2400	260,056	-	260,056	292,155	-	292,155
Total Instructional Aides		817,334	-	817,334	1,128,018	-	1,128,018
Total Classified Salaries		817,334	-	817,334	7,934,758	-	7,934,758
Employee Benefits	3000	8,131,815	-	8,131,815	16,212,001	-	16,212,001
Supplies and Material	4000	-	-	-	614,795	-	614,795
Other Operating Expenses	5000	2,785,543	-	2,785,543	6,978,561	-	6,978,561
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures		26,269,461	-	26,269,461	50,181,594	-	50,181,594



Monterey Peninsula Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,311,984	-	1,311,984
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

Monterey Peninsula Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	1,311,984	-	1,311,984
Total for ECS 84362, 50% Law		\$ 26,269,461	\$ -	\$ 26,269,461	\$ 48,869,610	\$ -	\$ 48,869,610
% of CEE (Instructional Salary Cost/Total CEE)		53.75%		53.75%	100.00%		100.00%
50% of Current Expense of Education					\$ 24,434,805		\$ 24,434,805

**Monterey Peninsula Community College District**  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2023

Activity Classification	Object Code	Unrestricted			
EPA Revenue:	8630	\$ 2,983,314			
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 2,983,314	\$ -	\$ -	\$ 2,983,314
Total Expenditures for EPA		\$ 2,983,314	\$ -	\$ -	\$ 2,983,314
Revenues Less Expenditures					\$ -

Monterey Peninsula Community College District  
 Reconciliation of Governmental Funds to the Statement of Net Position  
 Year Ended June 30, 2023

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Amounts reported for governmental activities in the Statement of Net Position are different because

Total fund balance		
General Funds	\$	10,703,633
Special Revenue Funds		3,343,286
Capital Project Funds		25,506,951
Debt Service Funds		15,929,195
Internal Service Funds		<u>3,749,128</u>
Total fund balance - all District funds		\$ 59,232,193

Capital assets and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is		227,634,470
Accumulated depreciation is		(77,136,235)
The cost of right-to-use subscription IT assets is		6,484,129
Accumulated amortization is		<u>(487,674)</u>
Total capital assets and right-to-use subscription IT assets, net		156,494,690

Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.

Deferred outflows of resources at year-end consist of:

Deferred outflows of resources related to debt refunding		5,305,268
Deferred outflows of resources related to OPEB		6,565,808
Deferred outflows of resources related to pensions		<u>15,362,764</u>
Total deferred outflows of resources		27,233,840

In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.

(470,899)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

General obligation bonds		(119,488,417)
Subscription-based IT arrangements		(4,470,831)
Compensated absences		(1,394,757)
Early retirement incentive		(480,705)
Aggregate net other postemployment benefits (OPEB) liability		(4,885,429)
Aggregate net pension liability		(43,940,247)
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is		<u>(14,046,184)</u>

Total long-term liabilities		(188,706,570)
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Monterey Peninsula Community College District  
Reconciliation of Governmental Funds to the Statement of Net Position  
Year Ended June 30, 2023

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Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to

Deferred inflows of resources related to OPEB	\$ (1,708,514)
Deferred inflows of resources related to pensions	<u>(4,532,251)</u>

Total deferred inflows of resources	<u>\$ (6,240,765)</u>
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Total net position	<u><u>\$ 47,542,489</u></u>
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**Note 1 - Purpose of Schedules****District Organization**

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

**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

**Schedule of Expenditures of State Awards**

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

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

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

**Proposition 30 Education Protection Account (EPA) Expenditure Report**

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

**Reconciliation of Governmental Funds to the Statement of Net Position**

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



Independent Auditor's Reports  
June 30, 2023

**Monterey Peninsula  
Community College District**





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

To the Board of Trustees  
Monterey Peninsula Community College District  
Monterey, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the remaining fund information of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2023.

**Adoption of New Accounting Standard**

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect to the District's business-type activities net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 18, 2023



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

To the Board of Trustees  
Monterey Peninsula Community College District  
Monterey, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Monterey Peninsula Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

*Eide Bailly LLP*

Rancho Cucamonga, California  
December 18, 2023



## Independent Auditor's Report on State Compliance

To the Board of Trustees  
Monterey Peninsula Community College District  
Monterey, California

### Report on State Compliance

We have audited Monterey Peninsula Community College District's (the District) compliance with the types of compliance requirements described in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2023.

### Opinion

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

### Basis for Opinion

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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



### ***Compliance Requirements Tested***

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

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

The District did not receive Apprenticeship Related and Supplemental Instruction (RSI) Funds during the year; therefore, the compliance tests within this section were not applicable.

The District did not receive funding for Proposition 1D and 51 State Bond Funded Projects during the year, therefore, the compliance tests within this section were not applicable.

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

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



Rancho Cucamonga, California  
December 18, 2023



Schedule of Findings and Questioned Costs  
June 30, 2023

**Monterey Peninsula  
Community College District**

Monterey Peninsula Community College District

Summary of Auditor's Results

Year Ended June 30, 2023

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

**Identification of major programs:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Enhanced Diversity in STEM through Magnified Resources	84.031C
Title V - Ready, Set, Transfer	84.031S
Title V - Engage, Promote, Connect	84.031S
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
COVID-19: Higher Education Emergency Relief Funds, Institutional Resilience and Expanded Postsecondary Opportunity	84.425P
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for state programs:	Unmodified
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None reported.

The following finding represents significant deficiencies in internal control over compliance and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

**2023-001 Special Tests and Provisions – Enrollment Reporting**

**Program Name:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.007, 84.033, 84.063, and 84.268

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

**Criteria or Specific Requirements**

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions are responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk:

- OPEID Number – This is the OPEID for the location that the student is attending.
- Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.
- Enrollment Status – The student’s enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z)
- Certification Date – The date enrollment was certified by the District. At a minimum, schools are required to certify enrollment every 60 days.

Institutions are responsible for accurately reporting the following significant data elements under the Program-Level Record that ED considers high risk:

- OPEID Number – This is the OPEID for the location that the student is attending.
- CIP Code – The code that defines the student’s field of study.
- CIP Year – The year that corresponds with the CIP Code.
- Credential Level – The level of a credential the student will receive for the program the student is attending.
- Published Program Length Measurement – How the program length is measured by the institution whether it be in days, weeks, or years.
- Published Program Length – The time it takes to complete a program as determined by the College.
- Program Begin Date – The date the student first began attending the program being reported.
- Program Enrollment Status – The student’s enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z)
- Program Enrollment Effective Date – The date when the student’s current program status first took effect.

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

**Condition**

*Significant Deficiency in Internal Control over Compliance* – During our review of the enrollment reporting requirements we observed the following:

- For 8 out of 9 students who had a change in their enrollment status during the period subject to audit, the District did not accurately report the effective date of the change.
- For 1 out of 9 students, the District did not report the student’s accurate enrollment status to NSLDS.
- For 2 out of 9 students, the District did not report the accurate program length to NSLDS.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

During the period subject to audit per the OMB Compliance Supplement, there were 38 students who had a change in their enrollment status.

**Effect**

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

**Cause**

The District did not accurately report enrollment information for students under the Pell grant and Direct loan programs via NSLDS. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should implement a process to review, update, and verify student enrollment information that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

**Views of Responsible Officials and Corrective Action Plan**

We concur with the condition noted above. Management believes that the controls in place are appropriately designed to prevent and or detect errors. This instance was isolated and resulted from a coding error related to incorrectly keying the accounting string into our accounting system, which went undetected.

Management reassessed the controls over reporting and compliance with laws and regulations. The following steps have been taken to strengthen controls:

- Implement enhanced management tools i.e. ERP and shared weekly ledger reports.
- Staff training in accounts payable to identify and correct errors.
- Develop operating procedures requiring weekly budget monitoring and updates for program managers.

**2023-002 Allowable Activities and Allowable Costs**

**Program Name:** Title V – Engage, Promote, Connect

**Assistance Listing Number:** 84.031C, 84.031S

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

**Criteria or Specific Requirements**

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* states that all direct charges to federal awards are for allowable costs.

**Condition**

*Significant Deficiency in Internal Control over Compliance* - During our testing over expenditures charged to the Title V – Engage, Promote, Connect program, we noted an instance of an expenditure charged to the program that was unallowable.

**Questioned Costs**

None reported.

**Context**

A nonstatistical sample of 29 transactions charged to the Title V – Engage, Promote, Connect program were selected for testing, which accounted for \$365,675 out of \$779,546 total expenditures recognized by the District.

**Effect**

The District charged an unallowable cost against the program’s funding.

**Cause**

The District’s existing control procedures over reviewing expenditures charged to the program was not sufficiently designed to catch this instance of noncompliance.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should implement additional processes to review expenditures charged to grant programs for allowability by both the individuals charged with management of the program and the District's Fiscal Services Department.

**Views of Responsible Officials and Corrective Action Plan**

We concur with the condition noted above. Management believes that the controls in place are appropriately designed to prevent and or detect errors. This instance was isolated and resulted from a coding error related to keying the accounting string into our accounting system, which went undetected.

Management reassessed the controls over reporting and compliance with laws and regulations. The following steps have been taken:

Additional training to strengthen controls including:

- Staff training in accounts payable to identify and correct errors.
- Training on what to look for to identify coding errors.
- Budget monitoring reviews for program managers.
- Timely budget updates for program managers.



None reported.

Monterey Peninsula Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

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



Other Information  
June 30, 2023

**Monterey Peninsula  
Community College District**

Monterey Peninsula Community College District  
Governmental Funds - Balance Sheets (Unaudited)  
June 30, 2023

	<b>Special Revenue Funds</b>								
	General	Child Development	Student Center	Parking	Associated Students	Student Financial Aid	Scholarship and Loan	ORR Fund	Direct Loan
<b>Assets</b>									
Cash and cash equivalents	\$ 1,588,423	\$ 126,222	\$ 22,406	\$ 22,807	\$ 337,627	\$ 125,487	\$ 235,786	\$ 33,349	\$ 221
Investments	23,909,170	208,533	893,988	(41,777)	-	-	141,448	-	-
Accounts receivable	6,364,354	103,091	6,400	(2,800)	22,854	81,865	726	-	-
Student receivables	238,923	-	-	-	-	-	-	-	-
Due from other funds	461,785	100,267	1,220	409,438	-	-	-	-	-
Prepaid expenses	185,829	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,748,484</b>	<b>\$ 538,113</b>	<b>\$ 924,014</b>	<b>\$ 387,668</b>	<b>\$ 360,481</b>	<b>\$ 207,352</b>	<b>\$ 377,960</b>	<b>\$ 33,349</b>	<b>\$ 221</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 6,473,221	\$ 2,563	\$ 2,611	\$ (501)	\$ 55,254	\$ 124,342	\$ 23,878	\$ -	\$ -
Due to other funds	3,184,877	68,379	266	150,000	-	-	-	-	-
Unearned revenue	12,386,753	175,048	9,882	17,370	-	-	-	-	-
<b>Total liabilities</b>	<b>22,044,851</b>	<b>245,990</b>	<b>12,759</b>	<b>166,869</b>	<b>55,254</b>	<b>124,342</b>	<b>23,878</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>									
Nonspendable	210,829	-	-	-	-	-	-	-	-
Restricted	-	292,123	911,255	220,799	305,227	83,010	354,082	33,349	221
Undesignated	10,492,804	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>10,703,633</b>	<b>292,123</b>	<b>911,255</b>	<b>220,799</b>	<b>305,227</b>	<b>83,010</b>	<b>354,082</b>	<b>33,349</b>	<b>221</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,748,484</b>	<b>\$ 538,113</b>	<b>\$ 924,014</b>	<b>\$ 387,668</b>	<b>\$ 360,481</b>	<b>\$ 207,352</b>	<b>\$ 377,960</b>	<b>\$ 33,349</b>	<b>\$ 221</b>

Monterey Peninsula Community College District  
Governmental Funds - Balance Sheets (Unaudited)  
June 30, 2023

	Special Revenue Funds					Debt	Capital Project Funds			Total Governmental Fund (Memorandum Only)
	Trust Fund	Continuing Education Fund	Gentrain	Theater	Cal Grant	Bond Interest and Redemption	Capital Outlay Projects	General	General	
								Obligation Bond Construction Measure I	Obligation Bond Construction Measure V	
<b>Assets</b>										
Cash and cash equivalents	\$ 321,128	\$ 713,315	\$ 95,073	\$ 12,108	\$ 1,374	\$ -	\$ -	\$ -	\$ -	\$ 3,635,326
Investments	-	-	-	-	-	15,929,195	6,405,638	6,014,308	19,804,834	73,265,337
Accounts receivable	250	-	-	-	808	-	41,100	42,400	156,600	6,817,648
Student receivables	-	-	-	-	-	-	-	-	-	238,923
Due from other funds	-	-	-	-	-	-	205,704	2,700	212,790	1,393,904
Prepaid expenses	-	-	-	-	-	-	-	-	-	185,829
<b>Total assets</b>	<b>\$ 321,378</b>	<b>\$ 713,315</b>	<b>\$ 95,073</b>	<b>\$ 12,108</b>	<b>\$ 2,182</b>	<b>\$ 15,929,195</b>	<b>\$ 6,652,442</b>	<b>\$ 6,059,408</b>	<b>\$ 20,174,224</b>	<b>\$ 85,536,967</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 836	\$ -	\$ 4,070,832	\$ 9,525	\$ 1,295,861	\$ 12,058,422
Due to other funds	-	-	-	-	-	-	8,878	47,525	46,299	3,506,224
Unearned revenue	-	-	-	-	-	-	1,900,203	-	-	14,489,256
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>836</b>	<b>-</b>	<b>5,979,913</b>	<b>57,050</b>	<b>1,342,160</b>	<b>30,053,902</b>
<b>Fund Balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	210,829
Restricted	321,378	713,315	95,073	12,108	1,346	15,929,195	672,529	6,002,358	18,832,064	44,779,432
Undesignated	-	-	-	-	-	-	-	-	-	10,492,804
<b>Total fund balances</b>	<b>321,378</b>	<b>713,315</b>	<b>95,073</b>	<b>12,108</b>	<b>1,346</b>	<b>15,929,195</b>	<b>672,529</b>	<b>6,002,358</b>	<b>18,832,064</b>	<b>55,483,065</b>
<b>Total liabilities and fund balances</b>	<b>\$ 321,378</b>	<b>\$ 713,315</b>	<b>\$ 95,073</b>	<b>\$ 12,108</b>	<b>\$ 2,182</b>	<b>\$ 15,929,195</b>	<b>\$ 6,652,442</b>	<b>\$ 6,059,408</b>	<b>\$ 20,174,224</b>	<b>\$ 85,536,967</b>

See Note to Other Information

Monterey Peninsula Community College District  
Governmental Funds - Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)  
Year Ended June 30, 2023

	<u>Special Revenue Funds</u>										
	General Unrestricted	General Restricted	Combined General	Child Development	Student Center	Parking	Associated Students	Student Financial Aid	Scholarship and Loan	ORR Fund	Direct Loan
<b>Revenues</b>											
Federal revenues	\$ 1,094	\$ 8,871,363	\$ 8,872,457	\$ 26,101	\$ -	\$ -	\$ -	\$ 9,146,850	\$ -	\$ -	\$ 807,651
State revenues	18,600,169	12,386,589	30,986,758	638,533	-	-	-	-	2,521,903	-	-
Local revenues	33,208,225	531,835	33,740,060	80,604	164,382	217,608	130,559	273	1,150,952	69	-
<b>Total revenues</b>	<b>51,809,488</b>	<b>21,789,787</b>	<b>73,599,275</b>	<b>745,238</b>	<b>164,382</b>	<b>217,608</b>	<b>130,559</b>	<b>9,147,123</b>	<b>3,672,855</b>	<b>69</b>	<b>807,651</b>
<b>Expenditures</b>											
Current Expenditures											
Academic salaries	18,693,069	4,456,977	23,150,046	-	-	-	-	-	-	-	-
Classified salaries	8,215,953	2,721,009	10,936,962	452,301	35,454	254,919	-	-	-	-	-
Employee benefits	16,460,008	2,741,374	19,201,382	248,191	29,354	233,400	-	-	-	-	-
Books and supplies	686,228	1,019,003	1,705,231	32,108	8,505	9,175	-	-	-	19	-
Services and operating expenditures	7,379,535	3,303,170	10,682,705	2,776	111,995	27,040	112,626	-	-	-	-
Capital outlay	401,616	2,668,407	3,070,023	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest and other	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>51,836,409</b>	<b>16,909,940</b>	<b>68,746,349</b>	<b>735,376</b>	<b>185,308</b>	<b>524,534</b>	<b>112,626</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(26,921)</b>	<b>4,879,847</b>	<b>4,852,926</b>	<b>9,862</b>	<b>(20,926)</b>	<b>(306,926)</b>	<b>17,933</b>	<b>9,147,123</b>	<b>3,672,855</b>	<b>50</b>	<b>807,651</b>
<b>Other Financing Sources (Uses)</b>											
Operating transfers in	-	68,507	68,507	100,000	-	275,000	-	-	-	-	-
Operating transfers out	(168,507)	(1,073,794)	(1,242,301)	-	-	-	-	-	-	-	-
Other uses	-	(3,874,560)	(3,874,560)	-	-	-	-	(9,148,135)	(3,689,370)	-	(807,635)
<b>Total other financing sources (uses)</b>	<b>(168,507)</b>	<b>(4,879,847)</b>	<b>(5,048,354)</b>	<b>100,000</b>	<b>-</b>	<b>275,000</b>	<b>-</b>	<b>(9,148,135)</b>	<b>(3,689,370)</b>	<b>-</b>	<b>(807,635)</b>
<b>Net Change in Fund Balances</b>	<b>(195,428)</b>	<b>-</b>	<b>(195,428)</b>	<b>109,862</b>	<b>(20,926)</b>	<b>(31,926)</b>	<b>17,933</b>	<b>(1,012)</b>	<b>(16,515)</b>	<b>50</b>	<b>16</b>
<b>Fund Balances, Beginning of Year</b>	<b>10,899,061</b>	<b>-</b>	<b>10,899,061</b>	<b>182,261</b>	<b>932,181</b>	<b>252,725</b>	<b>287,294</b>	<b>84,022</b>	<b>370,597</b>	<b>33,299</b>	<b>205</b>
<b>Fund Balances, End of Year</b>	<b>\$ 10,703,633</b>	<b>\$ -</b>	<b>\$ 10,703,633</b>	<b>\$ 292,123</b>	<b>\$ 911,255</b>	<b>\$ 220,799</b>	<b>\$ 305,227</b>	<b>\$ 83,010</b>	<b>\$ 354,082</b>	<b>\$ 33,349</b>	<b>\$ 221</b>

**Monterey Peninsula Community College District**  
**Governmental Funds - Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)**  
**Year Ended June 30, 2023**

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds			Total Governmental Fund (Memorandum Only)
	Trust Fund	Continuing Education Fund	Gentrain	Theater	Cal Grant	Bond Interest and Redemption	Capital Outlay Projects	General	General	
								Obligation Bond Construction Measure I	Obligation Bond Construction Measure V	
<b>Revenues</b>										
Federal revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,853,059
State revenues	-	-	-	-	974,620	36,716	1,781,730	-	-	36,940,260
Local revenues	173,494	216,814	84,049	12,137	-	15,841,226	84,671	111,226	718,594	52,726,718
<b>Total revenues</b>	<b>173,494</b>	<b>216,814</b>	<b>84,049</b>	<b>12,137</b>	<b>974,620</b>	<b>15,877,942</b>	<b>1,866,401</b>	<b>111,226</b>	<b>718,594</b>	<b>108,520,037</b>
<b>Expenditures</b>										
Current Expenditures										
Academic salaries	-	-	-	-	-	-	-	-	-	23,150,046
Classified salaries	-	-	-	-	-	-	-	-	-	11,679,636
Employee benefits	-	-	-	-	-	-	-	-	-	19,712,327
Books and supplies	180,744	201,201	84,036	29	-	-	-	-	-	2,221,048
Services and operating expenditures	-	-	-	-	-	-	42,874	-	4,012,477	14,992,493
Capital outlay	-	-	-	-	-	-	1,970,818	123,602	5,633,667	10,798,110
Debt service - principal	-	-	-	-	-	13,520,000	-	-	-	13,520,000
Debt service - interest and other	-	-	-	-	-	1,135,860	-	-	-	1,135,860
<b>Total expenditures</b>	<b>180,744</b>	<b>201,201</b>	<b>84,036</b>	<b>29</b>	<b>-</b>	<b>14,655,860</b>	<b>2,013,692</b>	<b>123,602</b>	<b>9,646,144</b>	<b>97,209,520</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(7,250)</b>	<b>15,613</b>	<b>13</b>	<b>12,108</b>	<b>974,620</b>	<b>1,222,082</b>	<b>(147,291)</b>	<b>(12,376)</b>	<b>(8,927,550)</b>	<b>11,310,517</b>
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	-	-	-	-	-	-	-	-	-	443,507
Operating transfers out	-	-	-	-	-	-	-	-	-	(1,242,301)
Other uses	-	-	-	-	(973,281)	-	-	-	-	(18,492,981)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(973,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,291,775)</b>
<b>Net Change in Fund Balances</b>	<b>(7,250)</b>	<b>15,613</b>	<b>13</b>	<b>12,108</b>	<b>1,339</b>	<b>1,222,082</b>	<b>(147,291)</b>	<b>(12,376)</b>	<b>(8,927,550)</b>	<b>(7,981,258)</b>
<b>Fund Balances, Beginning of Year</b>	<b>328,628</b>	<b>697,702</b>	<b>95,060</b>	<b>-</b>	<b>7</b>	<b>14,707,113</b>	<b>819,820</b>	<b>6,014,734</b>	<b>27,759,614</b>	<b>63,464,323</b>
<b>Fund Balances, End of Year</b>	<b>\$ 321,378</b>	<b>\$ 713,315</b>	<b>\$ 95,073</b>	<b>\$ 12,108</b>	<b>\$ 1,346</b>	<b>\$ 15,929,195</b>	<b>\$ 672,529</b>	<b>\$ 6,002,358</b>	<b>\$ 18,832,064</b>	<b>\$ 55,483,065</b>

See Note to Other Information

Monterey Peninsula Community College District

Proprietary Funds - Balance Sheet (Unaudited)

June 30, 2023

	Self-Insurance Fund	OPEB Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 105,737	\$ -	\$ -	\$ 105,737
Investments	1,517,997	2,019,927	7,132	3,545,056
Accounts receivable	1,199,353	18,420	(1,700)	1,216,073
Due from other funds	500,000	848,000	961,427	2,309,427
	<u>500,000</u>	<u>848,000</u>	<u>961,427</u>	<u>2,309,427</u>
Total assets	<u>\$ 3,323,087</u>	<u>\$ 2,886,347</u>	<u>\$ 966,859</u>	<u>\$ 7,176,293</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,433,192	\$ -	\$ -	\$ 2,433,192
Due to other funds	-	-	197,107	197,107
Claims liability	796,866	-	-	796,866
	<u>796,866</u>	<u>-</u>	<u>-</u>	<u>796,866</u>
Total liabilities	<u>3,230,058</u>	<u>-</u>	<u>197,107</u>	<u>3,427,165</u>
<b>Fund Equity</b>				
Retained earnings	93,029	2,886,347	769,752	3,749,128
	<u>93,029</u>	<u>2,886,347</u>	<u>769,752</u>	<u>3,749,128</u>
Total liabilities and fund equity	<u>\$ 3,323,087</u>	<u>\$ 2,886,347</u>	<u>\$ 966,859</u>	<u>\$ 7,176,293</u>



Monterey Peninsula Community College District  
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Retained Earnings (Unaudited)  
Year Ended June 30, 2023

	Self-Insurance Fund	OPEB Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenues				
Premium contributions	\$ 9,341,905	\$ -	\$ -	\$ 9,341,905
Operating Expenses				
Employee benefits	(1,629,781)	2,200,000	-	570,219
Services and other operating expenditures	12,767,801	10,006	864,978	13,642,785
Total operating expenses	11,138,020	2,210,006	864,978	14,213,004
Operating Loss	(1,796,115)	(2,210,006)	(864,978)	(4,871,099)
Nonoperating Revenues (Expenses)				
Investment income (loss), net	(22,358)	130,441	(6,998)	101,085
Miscellaneous revenues	580,595	-	90,061	670,656
Operating transfers in	14,180	-	784,614	798,794
Total nonoperating revenues (expenses)	572,417	130,441	867,677	1,570,535
Net Income (Loss)	(1,223,698)	(2,079,565)	2,699	(3,300,564)
Retained Earnings, Beginning of Year	1,316,727	4,965,912	767,053	7,049,692
Retained Earnings, End of Year	\$ 93,029	\$ 2,886,347	\$ 769,752	\$ 3,749,128

Monterey Peninsula Community College District  
Proprietary Funds - Statement of Cash Flows (Unaudited)  
Year Ended June 30, 2023

	Self-Insurance Fund	OPEB Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Operating Activities</b>				
Cash received from user charges	\$ 7,782,686	\$ -	\$ -	\$ 7,782,686
Cash payments for employee benefits	-	(2,200,000)	-	(2,200,000)
Cash payments for insurance claims	(8,714,073)	-	(864,978)	(9,579,051)
Cash payments for other operating expenses	-	(10,006)	-	(10,006)
<b>Net Cash Used for Operating Activities</b>	<b>(931,387)</b>	<b>(2,210,006)</b>	<b>(864,978)</b>	<b>(4,006,371)</b>
<b>Noncapital Financing Activities</b>				
Other nonoperating	594,774	-	876,374	1,471,148
<b>Investing Activities</b>				
Net earnings (loss) on investments	(22,358)	116,022	(6,998)	86,666
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(358,971)</b>	<b>(2,093,984)</b>	<b>4,398</b>	<b>(2,448,557)</b>
Cash and Cash Equivalents - Beginning	1,982,705	4,113,911	2,734	6,099,350
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 1,623,734</b>	<b>\$ 2,019,927</b>	<b>\$ 7,132</b>	<b>\$ 3,650,793</b>
<b>Reconciliation of Operating Loss to</b>				
<b>Net Used By Operating Activities</b>				
Operating loss	\$ (1,796,115)	\$ (2,210,006)	\$ (864,978)	\$ (4,871,099)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Changes in assets and liabilities				
Accounts receivable	(1,059,219)	-	1,700	(1,057,519)
Due from other fund	(500,000)	-	(1)	(500,001)
Accounts payable	2,423,947	-	-	2,423,947
<b>Net Cash Used By Operating Activities</b>	<b>\$ (931,387)</b>	<b>\$ (2,210,006)</b>	<b>\$ (863,279)</b>	<b>\$ (4,004,672)</b>
<b>Cash and Cash Equivalents Consist of the Following:</b>				
Cash collections awaiting deposit	\$ 105,737	\$ -	\$ -	\$ 105,737
Cash in county treasury	1,517,997	2,019,927	7,132	3,545,056
<b>Total cash and cash equivalents</b>	<b>\$ 1,623,734</b>	<b>\$ 2,019,927</b>	<b>\$ 7,132</b>	<b>\$ 3,650,793</b>

Monterey Peninsula Community College District  
Fiduciary Fund - Balance Sheet (Unaudited)  
June 30, 2023

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 9,444,334</u>
Fund Balance	
Restricted	<u>\$ 9,444,334</u>

**Monterey Peninsula Community College District**  
 Fiduciary Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance (Unaudited)  
 Year Ended June 30, 2023

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	Retiree OPEB Trust
Revenues	
Local revenues	\$ 4,301,638
Expenditures	
Current	
Employee benefits	1,524,749
Services and operating expenditures	9,536
Total expenditures	1,534,285
Change in Fund Balance	2,767,353
Fund Balances, Beginning of Year	6,676,981
Fund Balances, End of Year	\$ 9,444,334

**Note 1 - Purpose of Schedules**

**Fund Financial Statements - Unaudited**

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