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**ALLAN HANCOCK JOINT  
COMMUNITY COLLEGE DISTRICT**

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**ANNUAL FINANCIAL REPORT  
JUNE 30, 2021**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2021**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Allan Hancock Joint Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2020-21 Contracted District Audit Manual, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2021, 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.

## **Emphasis of Matter Regarding Change in Accounting Principle**

During the year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for a change in accounting principle (see Note 17). Our auditors' opinion was not modified with respect to the restatement.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California  
December 17, 2021

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Allan Hancock Community College District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**The Financial Statements**

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB Statement No. 34) and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities* (GASB Statement No. 35). These statements allow for the presentation of financial activity and results of operations which 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 financial statements presented herein include all of the activities of the District and its component unit. Separate financial statements for the blended component unit, Allan Hancock College Auxiliary Programs Corporation (the Corporation), can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399.

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

The District's audited financial statements include:

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**REPORTING THE DISTRICT AS A WHOLE**

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

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**FINANCIAL HIGHLIGHTS**

**Net Position**

The District's net position was \$52,843,865 for the fiscal year ended June 30, 2021. Of this amount, \$(30,361,894) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations. Our analysis below focuses on net position and change in net position of the District's business-type activities.

	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 103,751,760	\$ 105,324,156	\$ (1,572,396)
Noncurrent assets	205,854,113	195,023,392	10,830,721
Deferred outflows of resources	24,273,875	25,617,058	(1,343,183)
<b>Total Assets and Deferred Outflows of Resources</b>	<b>333,879,748</b>	<b>325,964,606</b>	<b>7,915,142</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	19,051,285	19,275,370	(224,085)
Noncurrent liabilities	258,516,227	253,688,703	4,827,524
Deferred inflows of resources	3,468,371	5,268,192	(1,799,821)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>281,035,883</b>	<b>278,232,265</b>	<b>2,803,618</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	43,442,408	38,036,556	5,405,852
Restricted	39,763,351	38,582,504	1,180,847
Unrestricted	(30,361,894)	(28,886,719)	(1,475,175)
<b>Total Net Position</b>	<b>\$ 52,843,865</b>	<b>\$ 47,732,341</b>	<b>\$ 5,111,524</b>

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**FINANCIAL HIGHLIGHTS, continued**

**Change in Net Position**

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

	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Student tuition and fees	\$ 3,058,886	\$ 3,514,465	\$ (455,579)
Federal grants and contracts, noncapital	7,509,042	4,413,011	3,096,031
State grants and contracts, noncapital	29,486,706	18,655,170	10,831,536
Local grants and contracts, noncapital	520,393	405,262	115,131
<b>Total Operating Revenues</b>	<b>40,575,027</b>	<b>26,987,908</b>	<b>2,640,452</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	73,196,299	74,582,546	(1,386,247)
Supplies, materials, and other operating expenses	17,576,703	19,571,438	(1,994,735)
Student financial aid	17,383,463	17,219,043	164,420
Depreciation	7,055,246	6,994,255	60,991
<b>Total Operating Expenses</b>	<b>115,211,711</b>	<b>118,367,282</b>	<b>(3,155,571)</b>
<b>Operating Loss</b>	<b>(74,636,684)</b>	<b>(91,379,374)</b>	<b>5,796,023</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments	39,880,855	39,749,373	131,482
Property taxes	26,624,720	26,046,022	578,698
Federal and State financial aid grants	13,060,745	14,995,020	(1,934,275)
State revenues	2,980,716	2,583,333	397,383
Interest expense, net	(7,173,016)	(5,064,725)	(2,108,291)
Other transfers in (out)	2,727	(232,037)	234,764
Local grants and other non-operating revenues	3,839,955	6,977,564	(3,137,609)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>79,216,702</b>	<b>85,054,550</b>	<b>(5,837,848)</b>
<b>OTHER REVENUES (EXPENSES)</b>			
State and local capital income	41,481	37,317	4,164
<b>Change in Net Position</b>	<b>4,621,499</b>	<b>(6,287,507)</b>	<b>(37,661)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>47,732,341</b>	<b>54,019,848</b>	<b>(6,287,507)</b>
<b>PRIOR PERIOD ADJUSTMENT (SEE NOTE 17)</b>	<b>490,025</b>	<b>-</b>	<b>490,025</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 52,843,865</b>	<b>\$ 47,732,341</b>	<b>\$ 5,111,524</b>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**FINANCIAL HIGHLIGHTS, continued**

**Change in Net Position, continued**

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$74,636,684 is balanced by other funding sources. Total District revenues exceeded total expenses by \$4,621,499 for the year ended June 30, 2021.

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

Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 10 of the financial statements.

**Cash Flows**

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

Cash Provided by (Used in)	<b>2021</b>	<b>2020</b>	<b>Change</b>
Operating activities	\$ (70,409,102)	\$ (77,056,253)	\$ 6,647,151
Noncapital financing activities	77,438,633	78,601,205	(1,162,572)
Capital financing activities	(17,584,540)	(13,288,935)	(4,295,605)
Investing activities	166,580	26,588,473	(26,421,893)
Net Increase (Decrease) in Cash	(10,388,429)	14,844,490	(25,232,919)
Cash, Beginning of Year	96,354,048	81,509,558	14,844,490
Cash, End of Year	\$ 85,965,619	\$ 96,354,048	\$ (10,388,429)

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had \$204,793,099 in a broad range of capital assets including land, construction in progress, buildings, and furniture and equipment. During the year, the District also continued to modernize and refurbish various sites.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	<b>2021</b>	<b>2020</b>	<b>Change</b>
Land and construction in progress	\$ 30,536,463	\$ 13,593,842	\$ 16,942,621
Buildings and improvements	225,894,525	225,688,902	205,623
Furniture and equipment	27,005,325	26,684,870	320,455
Total Capital Assets	283,436,313	265,967,614	17,468,699
Less accumulated depreciation	(78,643,214)	(71,642,607)	(7,000,607)
<b>Capital Assets, Net</b>	<b>\$ 204,793,099</b>	<b>\$ 194,325,007</b>	<b>\$ 10,468,092</b>

**Long-Term Obligations**

At the end of this year, the District had \$262,485,499 in outstanding long-term obligations. This is primarily made up of \$187,574,167 of general obligation bonds.

Note 10 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

	<b>2021</b>	<b>2020</b>	<b>Change</b>
General obligation bonds	\$ 187,574,167	\$ 188,734,860	\$ (1,160,693)
Capital leases	32,683	97,804	(65,121)
Compensated absences	1,885,275	1,436,148	449,127
Net pension liability	72,993,374	67,700,418	5,292,956
<b>Total Long-term Liabilities</b>	<b>\$ 262,485,499</b>	<b>\$ 257,969,230</b>	<b>\$ 4,516,269</b>

**Net Pension Liability (NPL)**

At year-end, the District has a net pension liability of \$72,993,374 versus \$67,700,418 last year, an increase of \$5,292,956, or 7.8 percent.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:**

The most significant amount of revenue received in fiscal year 2020-21 were the Higher Education Emergency Relief Funds (HEERF) II and III from the federal government. The federal government prescribed that \$9,980,941 be used for direct student aid. The federal government prescribed that \$16,200,914 be used for institutional expenses, including: lost revenue, personal protective equipment, campus safety, technology hardware purchases for students, technology needed to convert to online instruction, and professional development.

Award Name	Student Emergency Aid CFDA 84.425E	Institutional Portion CFDA 84.425F	DHSI CFDA 84.425L
Coronavirus Response & Relief Supplemental Support Act (HEERF II)	\$1,926,951	\$6,997,540	\$502,175
American Rescue Plan (HEERF III)	\$8,053,990	\$7,832,342	\$868,857
Total HEERF Awards	\$9,980,941	\$14,829,882	\$1,371,032

The district monitored and ultimately modified the 2020-21 budget assumptions, including application of local deficit factors. The district reduced the adopted local deficit from 5% to 2.38% to match the state deficit at the revised adopted budget. Use of a locally applied deficit factor insulates the district from significant mid-year changes in the State apportionment.

The district transferred the administration of its OPEB Trust from Keenan and Associates in partnership with Futuris to a program administered by the Community College League of California in collaboration with Meketa Investment Group. The transfer resulted in a significant savings in administrative costs to the district.

The district changed the current supply expense threshold of \$200 to \$500 beginning July of 2021. This enabled the district to implement a spend down of restricted lottery funds in accordance with current law.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES 2021-2022**

The fiscal year 2021-2022 budget focus is on maintaining fiscal stability and managing reserves in light of declining enrollment and the continuing COVID-19 pandemic. Funding priorities include the repair of building infrastructure and hiring teaching faculty to relieve capacity constraints in high demand program areas such as science, math and English. The District is projected to receive modest revenue growth in fiscal year 2021-22 due to its hold-harmless status under the Student Success Funding Formula (SCFF). The District's cash position remains strong and will improve due to the fact that the State has retired all of the apportionment deferrals created in the fiscal year 2020-21 budget.

Fund budgets represent information available to the District at the time of budget adoption. Revisions will occur as the year progresses, primarily due to final program funding approvals, budget transfers, and reallocation of restricted reserves.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES 2021-2022, continued**

Bond Measure I funds are projected to partially support the Fine Arts Complex project and other projects on campus, such as the Student Health Center complex and the PCPA Stagecraft building. It is also anticipated that the District will undertake several large-scale deferred maintenance projects, such as the replacement of roofs on Buildings G and L due to the large influx of scheduled maintenance dollars contained in the State's fiscal year 2021-22 budget.

Management closely monitors all economic factors, including cash, in an effort to control the ultimate impact on the District's financial health.

Bond Measure I funds are projected to support the Fine Arts Complex project, and other projects on campus, such as the STEM MESA Center for Academic Success and the PPA Stagecraft building. Bids for the Fine Arts Building were opened on July 27<sup>th</sup> and the Board of Trustees awarded the contract in the amount of \$44,353,00 to AMG and Associates on August 11, 2020. The duration of the construction contract is twenty-four months.

Management closely monitors all economic factors, including cash, in an effort to control the ultimate impact on the District's financial health.

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT  
JUNE 30, 2021**

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 85,965,619
Accounts receivable, net	17,724,549
Due from fiduciary funds, net	17,100
Prepaid expenses	44,492
Total Current Assets	<u>103,751,760</u>

Noncurrent Assets:

Net Plan Assets - OPEB Trusts	1,061,014
Capital assets, net	204,793,099
Total Noncurrent Assets	<u>205,854,113</u>

**TOTAL ASSETS**

309,605,873

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges on refunding	7,215,331
Deferred outflows related to OPEB	1,172,030
Deferred outflows related to pensions	15,886,514
Total Deferred Outflows of Resources	<u>24,273,875</u>

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

24,273,875

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

\$ 333,879,748

**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 4,738,223
Interest payable	2,044,179
Unearned revenue	8,299,611
Long-term debt, current portion	3,969,272
Total Current Liabilities	<u>19,051,285</u>

Noncurrent Liabilities:

Net pension liability	72,993,374
Long-term debt, non-current portion	185,522,853
Total Noncurrent Liabilities	<u>258,516,227</u>

**TOTAL LIABILITIES**

277,567,512

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources related to OPEB	854,134
Deferred inflows related to pensions	2,614,237
Total Deferred Inflows of Resources	<u>3,468,371</u>

**TOTAL DEFERRED INFLOWS OF RESOURCES**

3,468,371

**NET POSITION**

Net investment in capital assets 43,442,408

Restricted for:

Debt service	10,986,857
Capital projects	10,992,336
Educational programs	15,597,708
Other special purposes	2,186,450

Unrestricted (30,361,894)

**TOTAL NET POSITION**

52,843,865

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

\$ 333,879,748

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION – PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2021**

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<b>OPERATING REVENUES</b>	
Tuition and fees	\$ 8,456,618
Less: Scholarship discounts and allowances	(5,397,732)
Net tuition and fees	<u>3,058,886</u>
Grants and Contracts, Noncapital	
Federal	7,509,042
State	29,486,706
Local	<u>520,393</u>
<b>TOTAL OPERATING REVENUES</b>	<u>40,575,027</u>
<b>OPERATING EXPENSES</b>	
Salaries	51,009,385
Employee benefits	22,186,914
Supplies, materials, and other operating expenses and services	17,576,703
Student aid	17,383,463
Depreciation	<u>7,055,246</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>115,211,711</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(74,636,684)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State apportionments, noncapital	39,880,855
Local property taxes	20,083,809
Taxes levied for other specific purposes	6,540,911
Federal financial aid grants, noncapital	10,862,284
State financial aid grants, noncapital	2,198,461
State taxes and other revenues	2,980,716
Investment income, noncapital	166,580
Interest expense on capital asset-related debt	(7,547,583)
Investment income on capital asset-related debt	207,987
Other financing sources (uses)	2,727
Local grants and other non-operating income	<u>3,839,955</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>79,216,702</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>4,580,018</u>
Local revenues, capital	<u>41,481</u>
<b>TOTAL OTHER REVENUES</b>	<u>41,481</u>
<b>CHANGE IN NET POSITION</b>	<u>4,621,499</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	47,732,341
<b>PRIOR YEAR ADJUSTMENT (SEE NOTE 17)</b>	<u>490,025</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 52,843,865</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2021**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 3,075,045
Grants and contracts	31,564,115
Payments to students	(17,383,463)
Payments to or on behalf of employees	(69,792,125)
Payments to vendors	(17,872,674)
Net Cash Provided (Used) by Operating Activities	<u>(70,409,102)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State apportionments	38,094,203
Property taxes - non debt related	20,083,809
State taxes and other apportionments	2,980,716
Local grants and other non-operating revenues	3,236,260
Financial aid	13,060,745
Other Sources (Uses)	(17,100)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>77,438,633</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Purchase of capital assets	(17,033,313)
Local revenue, capital projects	41,481
Local property taxes and other revenues for capital purposes	6,540,911
Principal paid on capital debt	(2,940,121)
Interest paid on capital debt	(4,584,052)
Interest received on capital debt	390,554
Net Cash Provided (Used) by Capital Financing Activities	<u>(17,584,540)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received from investments	166,580
Net Cash Provided (Used) by Investing Activities	<u>166,580</u>

**NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS**

(10,388,429)

**CASH & CASH EQUIVALENTS, BEGINNING OF YEAR**

96,354,048

**CASH & CASH EQUIVALENTS, END OF YEAR**

\$ 85,965,619

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2021**

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**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating loss	\$ (74,636,684)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	7,055,246
Changes in Assets and Liabilities:	
Accounts receivables, net	(6,734,258)
Prepaid expenses	(4,556)
Net OPEB asset	(362,629)
Deferred outflows of resources	779,997
Accounts payable and accrued liabilities	(772,156)
Unearned revenue	798,391
Compensated absences	449,127
Net pension liability	5,292,956
Deferred inflows of resources	(2,274,536)
Total Adjustments	<u>4,227,582</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (70,409,102)</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

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	Retiree OPEB Trust	Other Trusts
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,044,323
Investments	11,065,434	-
Accounts receivable	-	14,223
Due from other funds	-	75,982
<b>Total Assets</b>	<u>11,065,434</u>	<u>1,134,528</u>
<b>Liabilities</b>		
Accounts payable	-	440
Due to primary government	488,896	-
<b>Total Liabilities</b>	<u>488,896</u>	<u>440</u>
<b>Net Position</b>		
Restricted for postemployment benefits other than pensions	10,576,538	-
Unrestricted	-	1,134,088
<b>Total Net Position</b>	<u>\$ 10,576,538</u>	<u>\$ 1,134,088</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 JUNE 30, 2021**

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	Retiree OPEB Trust	Other Trusts
<b>Additions</b>		
Interest and investment income	\$ 377,940	\$ -
Net realized and unrealized gain	1,534,511	-
Local revenues	-	40,183
<b>Total Additions</b>	<u>1,912,451</u>	<u>40,183</u>
<b>Deductions</b>		
Employee benefits	488,896	-
Books and supplies	-	11,522
Administrative expenses	64,357	-
Services and operating expenditures	-	1,637
<b>Total Deductions</b>	<u>553,253</u>	<u>13,159</u>
<b>Other Financing Sources (Uses)</b>		
Other sources	-	75,982
Other uses	-	(300)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>75,682</u>
<b>Change in Net Position</b>	1,359,198	102,706
<b>Net Position - Beginning of Year</b>	9,217,340	1,465,527
<b>Prior Period Adjustment</b>	-	(434,145)
<b>Net Position - End of Year</b>	<u>\$ 10,576,538</u>	<u>\$ 1,134,088</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1 – ORGANIZATION**

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

**Financial Reporting Entity**

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1 – ORGANIZATION, continued**

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

**The Allan Hancock College Programs Auxiliary Corporation**

The Allan Hancock College Programs Auxiliary Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation is an auxiliary operation of the District and includes the Pacific Conservatory of Performing Arts (PCPA) and Associated Students Trust Fund. The purpose of the Corporation is to provide benefits to the educational programs and services for the District. The District supplies all staff and performs all administrative functions for the Corporation. Such common governance and administrative structure are the prime criteria used to evaluate the Corporation for inclusion in the accompanying financial statements as a blended component unit. Accordingly, the activities of the Corporation are accounted for in the District's business-type activities. Separate financial statements for the Corporation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399. Condensed component unit information for the Corporation (the District's blended component unit) for the year ended June 30, 2021, is as follows:

*Condensed Combining Statement of Net Position*

	PCPA	Associated Students Trust Fund	Total
<b>Assets</b>			
Current assets	\$ 2,714,932	\$ 378,373	\$ 3,093,305
<b>Liabilities</b>			
Current liabilities	301,501	333	301,834
<b>Net Position</b>			
Restricted	2,413,431	378,040	2,791,471
<b>Total Net Position</b>	<b>\$ 2,413,431</b>	<b>\$ 378,040</b>	<b>\$ 2,791,471</b>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1 – ORGANIZATION, continued**

*Condenses Combining Statement of Revenues, Expenses, and Changes in Net Position*

	PCPA	Students Trust Fund	Total
<b>Operating Revenues</b>			
Auxiliary enterprise sales and charges	\$ 728,261	\$ -	\$ 728,261
Federal revenues	501,963	-	501,963
Local revenue	16,825	205,389	222,214
<b>Total Operating Revenues</b>	<b>1,247,049</b>	<b>205,389</b>	<b>1,452,438</b>
<b>Expenditures</b>			
Operating expenses	2,702,451	58,816	2,761,267
Other Outgo	1,158	175,843	177,001
<b>Total Operating Revenues</b>	<b>2,703,609</b>	<b>234,659</b>	<b>2,938,268</b>
<b>Other Financing Sources</b>			
Financing Sources	2,031,948	225,057	2,257,005
<b>Change in Net Position</b>	<b>575,388</b>	<b>195,787</b>	<b>948,176</b>
<b>Net Position - Beginning of Year</b>	<b>1,838,043</b>	<b>182,253</b>	<b>2,020,296</b>
<b>Net Position - End of Year</b>	<b>\$ 2,413,431</b>	<b>\$ 378,040</b>	<b>\$ 2,791,471</b>

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

**Allan Hancock College Viticulture and Enology Foundation**

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

**Allan Hancock College Foundation**

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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.

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2021, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Accounts Receivable**

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Prepaid Expenses**

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

**Capital Assets and Depreciation**

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

The following estimated useful lives are used to compute depreciation:

Land improvements	20 - 50 years
Building and improvements	20 - 50 years
Equipment	3 - 10 years
Vehicles	3 - 10 years

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

**Debt Issuance Costs, Premiums, and Discounts**

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

**Deferred Charges on Refunding**

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

**Compensated Absences**

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Unearned Revenue**

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

**Noncurrent Liabilities**

Noncurrent liabilities include bonds payable, compensated absences, capital leases, and the aggregate net pension obligation with maturities greater than one year.

**Net Position**

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report \$39,763,351 of restricted net position.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Operating Revenues and Expenses**

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

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

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

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

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

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

**State Apportionments**

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

**Property Taxes**

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Scholarships, Discounts, and Allowances**

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

**Federal Financial Assistance Programs**

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

**Estimates**

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

**Interfund Activity**

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

**New Accounting Pronouncements**

*GASB Statement No. 84* – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2020. The District has implemented GASB Statement No. 84 for the year ending June 30, 2021.

*GASB Statement No. 87* – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2021. The District has not determined the impact on the financial statements

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**General Authorizations**

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 3 – DEPOSITS AND INVESTMENTS, continued**

**Authorized Under Debt Agreements**

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

Deposits and investments as of June 30, 2021, consists of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 4,147,699	\$ 1,044,323
Cash in revolving	13,120	-
Cash in County Treasury	81,804,800	-
Investments	-	11,065,434
Total Deposits and Investments	<u>\$ 85,965,619</u>	<u>\$ 12,109,757</u>

**Interest Rate Risk**

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

**Specific Identification**

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

Investment Type	Book Value	Fair Value	Weighted Average Maturity in Days
Santa Barbara County Investment Pool	\$ 81,804,800	\$ 81,829,766	735
Mutual Funds	11,065,434	11,065,434	N/A
Total	<u>\$ 92,870,234</u>	<u>\$ 92,895,200</u>	

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 3 – DEPOSITS AND INVESTMENTS, continued**

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool, the Mutual Funds, and the U.S. Treasury Bonds are not required to be rated, nor have been rated as of June 30, 2021.

**Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance of \$4,147,699 was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Fair Value	Level 1 Inputs	Level 3 Inputs	Uncategorized
Santa Barbara County Investment Pool	\$ 81,829,766	\$ -	\$ -	\$ 81,829,766
Mutual Funds	11,065,434	11,065,434	-	-
Total	\$ 92,895,200	\$ 11,065,434	\$ -	\$ 81,829,766

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	\$ 2,356,890	\$ -
State Government		
Apportionment	6,314,138	-
Categorical aid	5,989,539	-
Local Sources		
District Foundation	7,055	-
Interest	73,430	-
Other local sources	1,760,530	14,223
Total	<u>\$ 16,501,582</u>	<u>\$ 14,223</u>
Student receivables	<u>\$ 1,222,967</u>	<u>\$ -</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital Assets not being Depreciated				
Land	\$ 3,758,448	\$ -	\$ -	\$ 3,758,448
Construction in progress	9,835,394	16,942,621	-	26,778,015
Total Capital Assets Not Being Depreciated	<u>13,593,842</u>	<u>16,942,621</u>	<u>-</u>	<u>30,536,463</u>
Capital Assets Being Depreciated				
Land improvements	6,555,136	-	-	6,555,136
Buildings and improvements	219,133,766	205,623	-	219,339,389
Furniture and equipment	26,684,870	375,094	54,639	27,005,325
Total Capital Assets Being Depreciated	<u>252,373,772</u>	<u>580,717</u>	<u>54,639</u>	<u>252,899,850</u>
Total Capital Assets	<u>265,967,614</u>	<u>17,523,338</u>	<u>54,639</u>	<u>283,436,313</u>
Less Accumulated Depreciation				
Land improvements	4,107,785	396,281	-	4,504,066
Buildings and improvements	49,145,081	4,638,658	-	53,783,739
Furniture and equipment	18,389,741	2,020,307	54,639	20,355,409
Total Accumulated Depreciation	<u>71,642,607</u>	<u>7,055,246</u>	<u>54,639</u>	<u>78,643,214</u>
Net Capital Assets	<u>\$ 194,325,007</u>	<u>\$ 10,468,092</u>	<u>\$ -</u>	<u>\$ 204,793,099</u>

Depreciation expense for the year was \$7,055,246.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 7 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2021, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	\$ 1,210,675	\$ -
Construction	2,067,303	-
Student liabilities	83,115	-
Foundation payable	6,167	-
Other	1,347,093	440
Total	<u>\$ 4,714,353</u>	<u>\$ 440</u>

**NOTE 8 - UNEARNED REVENUE**

Unearned revenue at June 30, 2021, consisted of the following:

	Primary Government
Federal financial assistance	\$ 46,438
State categorical aid	6,101,028
Enrollment fees	1,577,732
Local sources	574,413
Total	<u>\$ 8,299,611</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 9 - INTERFUND TRANSACTIONS**

**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2021, the amounts owed to the primary government from the fiduciary funds were \$488,896 and due to fiduciary funds from the primary government of \$75,982.

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2020-2021 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to \$0. The amount transferred to the primary government from the fiduciary funds amounted to \$0.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the 2021 fiscal year consisted of the following:

	Balance			Balance	
	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Bonds Payable					
General obligation bonds	\$ 177,604,426	\$ 2,589,003	\$ 2,875,000	\$ 177,318,429	\$ 2,530,000
Unamortized bond premium	11,130,434	-	874,696	10,255,738	874,696
Total Bonds Payable	188,734,860	2,589,003	3,749,696	187,574,167	3,404,696
Other Long-Term Obligations					
Capital leases	97,804	-	65,121	32,683	27,413
Compensated absences	1,436,148	449,127	-	1,885,275	537,163
Net pension liability	67,700,418	5,292,956	-	72,993,374	-
Total Other Long-Term Obligations	69,234,370	5,742,083	65,121	74,911,332	564,576
Total Long-Term Obligations	\$ 257,969,230	\$ 8,331,086	\$ 3,814,817	\$ 262,485,499	\$ 3,969,272

**Description of Debt**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The capital leases will be paid by the General Fund. Payments related to OPEB obligations will be paid by the fund for which the employee worked. Payments related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 13 for further details of the aggregate net pension obligation.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

**Bonded Debt**

**Bonds Payable**

In September 2012, the District issued Election of 2006 Series C General Obligation Bonds in the amount of \$38,996,200. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.70 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2047. At June 30, 2021, the principal balance outstanding was \$48,788,429. Unamortized premium received on issuance of the bonds amounted to \$137,081 as of June 30, 2021.

In December 2013, the District issued Election of 2006 Series D General Obligation Bonds in the amount of \$8,773,376. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.75 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2039. At June 30, 2021, the principal balance outstanding was \$125,000. The Unamortized premium was fully amortized as of June 30, 2021.

In October 2014, the District issued the \$52,260,000 2014 General Obligation Refunding Bonds. The bonds have a final maturity which occurs on August 1, 2030, with interest rates from 2.00 to 5.00 percent. The net proceeds of \$62,050,345 (representing the principal amount of \$52,260,000 and premium on issuance of \$9,790,345) from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds Series A. The refunding resulted in a cumulative cash flow saving of \$5,978,913 over the life of the new debt and an economic gain of \$4,736,721 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.440 percent. At June 30, 2021, the principal balance outstanding was \$44,360,000. Unamortized premium received on issuance of the bonds and deferred amount on refunding were \$5,509,082 and \$2,839,414, respectively, as of June 30, 2021.

In November 2017, the District issued the 2017 General Obligation Refunding Bonds, Series A in the amount of \$13,515,000. The bonds have a final maturity which occurs on August 1, 2038, with interest rates from 3.00 to 4.25 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$14,509,302 (representing the principal amount of \$13,515,000 and premium on issuance of \$994,302) from the issuance were used to currently refund the District's outstanding Election of 2006 General Obligation Bonds, Series A, to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series B, and to advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series C in the amount of \$4,365,000, \$760,000, and \$7,504,661, respectively. The refunding resulted in a cumulative cash flow saving of \$5,827,061 over the life of the new debt and an economic gain of \$3,123,064 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.00 percent. As of June 30, 2021, the principal balance outstanding was \$13,515,000, and unamortized premium on issuance and deferred amount on refunding were \$795,442 and \$1,404,394, respectively.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

In October 2017, the District issued the 2017 General Obligation Refunding Bonds, Series B in the amount of \$24,275,000. The bonds have a final maturity which occurs on August 1, 2034, with interest rates from 3.00 to 4.00 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$26,832,650 (representing the principal amount of \$24,275,000 and premium on issuance of \$2,557,650) from the issuance were used to provide advance refunding on the crossover date of August 1, 2019, of the District's outstanding Election of 2006 General Obligation Bonds, Series B-1 in the amount of \$25,625,000. As of June 30, 2021, the principal balance outstanding was \$24,275,000, and unamortized premium on issuance was \$1,875,610.

In May 2019, the District issued Election of 2006 Series E General Obligation Bonds in the amount of \$23,000,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest rates of 3.00 percent to 5.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2044. At June 30, 2021, the principal balance outstanding was \$22,220,000. Unamortized premium received on the issuance of the bonds amounted to \$867,927 as of June 30, 2021.

In April 2020, the District issued Election of 2006 Series F General Obligation Bonds in the amount of \$11,200,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045. At June 30, 2021, the principal balance outstanding was \$11,200,000. Unamortized premium received on the issuance of the bonds amounted to \$1,070,597 as of June 30, 2021.

In April 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of \$12,835,000. The bonds have a final maturity which occurs on August 1, 2039, with an interest rate of 3.21 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$12,835,000 from the issuance were used to refund a portion of the District's outstanding prior bonds. The refunding resulted in an economic gain of \$3,136,608 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. As of June 30, 2021, the principal balance outstanding was \$12,835,000 and deferred amount on refunding was \$2,971,523.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

**Debt Maturity**

**General Obligation Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	
2012	8/1/2047	2.00 - 5.70%	\$ 38,996,200	\$ 46,199,426	\$ 2,589,003	\$ -	\$ 48,788,429	
2013	8/1/2039	2.00 - 4.75%	8,773,376	185,000	-	60,000	125,000	
2014	8/1/2030	2.00 - 5.00%	52,260,000	46,395,000	-	2,035,000	44,360,000	
2017	8/1/2038	3.00 - 4.25%	13,515,000	13,515,000	-	-	13,515,000	
2017	8/1/2034	3.00 - 4.00%	24,275,000	24,275,000	-	-	24,275,000	
2019	8/1/2044	3.00 - 5.00%	23,000,000	23,000,000	-	780,000	22,220,000	
2020	8/1/2045	4.00%	11,200,000	11,200,000	-	-	11,200,000	
2020	8/1/2039	3.21%	12,835,000	12,835,000	-	-	12,835,000	
					<u>\$ 177,604,426</u>	<u>\$ 2,589,003</u>	<u>\$ 2,875,000</u>	<u>\$ 177,318,429</u>

The Series C bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	656,640	656,640
2032-2036	1,176,969	18,058,327	19,235,296
2037-2041	2,782,248	28,072,139	30,854,387
2042-2046	17,243,932	48,865,155	66,109,087
2047-2048	8,991,882	21,137,058	30,128,940
Accretion	18,593,398	(18,593,398)	-
<b>Total</b>	<u>\$ 48,788,429</u>	<u>\$ 98,195,921</u>	<u>\$ 146,984,350</u>

The Series D bonds mature through 2023 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 60,000	\$ 2,301	\$ 62,301
2023	65,000	813	65,813
<b>Total</b>	<u>\$ 125,000</u>	<u>\$ 3,114</u>	<u>\$ 128,114</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

The 2014 Refunding bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,370,000	\$ 2,122,563	\$ 4,492,563
2023	2,750,000	1,994,563	4,744,563
2024	2,990,000	1,851,063	4,841,063
2025	3,365,000	1,692,188	5,057,188
2026	3,910,000	1,510,313	5,420,313
2027-2031	28,975,000	3,807,469	32,782,469
Total	<u>\$ 44,360,000</u>	<u>\$ 12,978,159</u>	<u>\$ 57,338,159</u>

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

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 524,925	\$ 524,925
2023	-	524,925	524,925
2024	-	524,925	524,925
2025	-	524,925	524,925
2026	-	524,925	524,925
2027-2031	-	2,624,625	2,624,625
2032-2036	2,615,000	2,585,400	5,200,400
2037-2039	10,900,000	724,188	11,624,188
Total	<u>\$ 13,515,000</u>	<u>\$ 8,558,838</u>	<u>\$ 22,073,838</u>

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

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 968,450	\$ 968,450
2023	-	968,450	968,450
2024	290,000	962,650	1,252,650
2025	295,000	950,950	1,245,950
2026	295,000	939,150	1,234,150
2027-2031	590,000	4,571,650	5,161,650
2032-2035	22,805,000	1,454,175	24,259,175
Total	<u>\$ 24,275,000</u>	<u>\$ 10,815,475</u>	<u>\$ 35,090,475</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

The Series E bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 100,000	\$ 813,863	\$ 913,863
2023	125,000	809,363	934,363
2024	-	806,863	806,863
2025	-	806,863	806,863
2026	-	806,863	806,863
2027-2031	1,130,000	3,953,563	5,083,563
2032-2036	1,855,000	3,626,563	5,481,563
2037-2041	7,205,000	2,407,981	9,612,981
2042-2045	11,805,000	802,831	12,607,831
Total	\$ 22,220,000	\$ 14,834,753	\$ 37,054,753

The Series F bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	-	95,878	95,878
2024	-	448,000	448,000
2025	-	448,000	448,000
2026	-	448,000	448,000
2027-2031	-	2,240,000	2,240,000
2032-2036	1,105,000	2,206,500	3,311,500
2037-2041	3,965,000	1,428,600	5,393,600
2042-2046	6,130,000	928,400	7,058,400
Total	\$ 11,200,000	\$ 8,243,378	\$ 19,443,378

The 2020 Refunding bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 412,004	\$ 412,004
2023	-	412,004	412,004
2024	-	412,004	412,004
2025	-	412,004	412,004
2026	-	412,004	412,004
2027-2031	-	2,060,018	2,060,018
2032-2036	1,440,000	2,017,967	3,457,967
2037-2040	11,395,000	947,753	12,342,753
Total	\$ 12,835,000	\$ 7,085,758	\$ 19,920,758

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

**Capital Leases**

The District has entered into agreements to lease vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2020	\$	105,946
Payments		<u>73,263</u>
Balance, June 30, 2021	\$	<u>32,683</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 27,413
2023	<u>5,270</u>
Total	32,683
Less: Amount Representing Interest	<u>1,288</u>
Present Value of Minimum Lease Payments	<u>\$ 31,395</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 10 – LONG-TERM OBLIGATIONS, continued**

The vehicles purchased through capital lease arrangements have been capitalized and are being depreciated over the estimated useful lives.

Vehicles	\$ 134,764
Less: Accumulated depreciation	<u>55,885</u>
Total	<u>\$ 78,879</u>

Amortization of the leased vehicles under capital lease payment is included with depreciation expense.

**Compensated Absences**

At June 30, 2021, the liability for compensated absences was \$1,885,275.

**NOTE 11 – POSTEMPLOYMENT BENEFITS**

For the fiscal year ended June 30, 2021, the District reported net OPEB liability (asset) and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ (1,061,014)	\$ 1,172,030	\$ 854,134	\$ 110,557

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

The Benefits Trust Company (BTC) administers the Allan Hancock Joint Community College District's 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.

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

	<u>Number of Participants</u>
Inactive Employees Receiving Benefits	55
Active Employees	<u>326</u>
	<u>381</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS, continued**

*Benefits Provided*

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

*Contributions*

The contribution requirements of Plan members and the District are established and may be amended by the District, the faculty union, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and the groups. For fiscal year 2020-2021, the District's OPEB was fully funded and no contributions were made.

**Net OPEB Liability (Asset) of the District**

The District's net OPEB liability (asset) of (\$1,061,014) was measured as of June 30, 2020, by an actuarial valuation as of that date. The components of the net OPEB liability as of the June 30, 2020 measurement date were as follows:

Total OPEB liability	\$ 8,601,931
Plan fiduciary net position	<u>9,662,945</u>
District's net OPEB liability (asset)	<u>\$ (1,061,014)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability (asset)	 <u>112.33%</u>

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	5.85%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
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**NOTE 11 – POSTEMPLOYMENT BENEFITS, continued**

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

The actual assumptions used in the June 30, 2020, valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

**Changes in the Net OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2019	\$ 8,825,708	\$ 9,524,093	\$ (698,385)
Changes for the year:			
Service cost	261,519	-	261,519
Interest	508,441	-	508,441
Employee contributions as Benefit Payments	-	82,792	(82,792)
Experience (Gains)/Losses	(573,417)	-	(573,417)
Changes of assumptions	110,013	-	110,013
Expected investment income	-	545,631	(545,631)
Investment gains/losses	-	(12,647)	12,647
Administrative expense	-	(82,415)	82,415
Expected benefit payments	(530,333)	(552,458)	22,125
Net change	(223,777)	138,852	(362,629)
Balance June 30, 2020	\$ 8,601,931	\$ 9,662,945	\$ (1,061,014)

*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:

	Discount Rate 1% Lower (4.85%)	Current Discount Rate (5.85%)	Discount Rate 1% Higher (6.85%)
Net OPEB liability	\$ (249,202)	\$ (1,061,014)	\$ (1,774,753)

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS, continued**

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

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

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ (1,938,504)	\$ (1,061,014)	\$ (30,102)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$110,557. At June 30, 2021, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 29,594	\$ -
Differences between expected and actual experience	465	854,134
Change in assumptions	1,141,971	-
	<u>\$ 1,172,030</u>	<u>\$ 854,134</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 44,554
2023	44,557
2024	45,737
2025	38,454
2026	35,927
Thereafter	108,667
	<u>\$ 317,896</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**NOTE 12 – RISK MANAGEMENT**

**Property and Liability Insurance Coverages**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2021, the District contracted with the Bay Area Community College Districts (BACCD), the Statewide Association of Community Colleges (SWACC), and the Self-Insured Schools of California (SISC III) Joint Powers Authorities (JPAs) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

**Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2021, the District contracted with the BACCD Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2020-2021, the District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured for the first \$10,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 13 – 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 CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2021, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 35,763,719	\$ 7,933,026	\$ 2,578,737	\$ 4,020,521
CalPERS	37,229,655	7,953,488	35,500	6,874,240
Total	\$ 72,993,374	\$ 15,886,514	\$ 2,614,237	\$ 10,894,761

**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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

\*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were \$3,215,112.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 35,763,719
State's proportionate share of the net pension liability associated with the District	18,436,052
Total	\$ 54,199,771

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0369 percent and 0.0372 percent, respectively, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$4,020,521. In addition, the District recognized pension expense and revenue of \$1,880,150 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 849,319	\$ -
Differences between expected and actual experience	63,108	1,007,966
Changes in assumptions	3,486,837	-
Net changes in proportionate share of net pension liability	318,650	1,570,771
District contributions subsequent to the measurement date	3,215,112	-
Total	<u>\$ 7,933,026</u>	<u>\$ 2,578,737</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. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (250,601)
2023	626,110
2024	1,455,169
2025	398,914
2026	(93,895)
Thereafter	3,480
	<u>\$ 2,139,177</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS 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, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	<b>100%</b>	

\*20-year geometric average

**Discount Rate**

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 54,033,998	\$ 35,763,719	\$ 20,679,031

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**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, 2019, 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 provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	20.700%	20.700%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

**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, 2021, are presented above, and the total District contributions were \$3,879,703.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$37,229,655. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.1213 percent and 0.1176 percent, respectively, resulting in a net increase in the proportionate share of 0.0037 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$6,874,240. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 775,003	\$ -
Differences between expected and actual experience	1,846,476	-
Changes in assumptions	136,523	-
Net changes in proportionate share of net pension liability	1,315,783	35,500
District contributions subsequent to the measurement date	3,879,703	-
Total	<u>\$ 7,953,488</u>	<u>\$ 35,500</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.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,350,581
2023	1,200,709
2024	925,437
2025	561,558
	\$ 4,038,285

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

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

<b>Asset Class*</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10**</b>	<b>Real Return Years 11+***</b>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

\*In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

\*\*An expected inflation of 2.0% used for this period

\*\*\*An expected inflation of 2.92% used for this period

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan’s net pension liability	\$ 53,524,418	\$ 37,229,655	\$ 23,705,819

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

**On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2021, which amounted to \$2,004,958. No contributions were made for CalPERS for the year ended June 30, 2021. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

**Deferred Compensation**

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

**NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES**

The District is a member of the BACCD JPA, SWACC, SISC III, and Santa Barbara County Schools SIPE. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

The District has appointed one Board member and one alternative to the Governing Board of BACCD and Santa Barbara County SIPE.

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

During the year ended June 30, 2021, the District made payments of \$408,526, \$5,806,683, and \$356,815 to BACCD, SISC III, and SIPE, respectively.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**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, 2021.

**Operating Leases**

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending	
June 30,	Lease Payment
2022	\$ 104,960
2023	83,108
2024	46,734
2025	7,551
2026	7,551
Total	<u>\$ 249,904</u>

Total lease expense of approximately \$103,286 was included in other operating expenses and services for the year ended June 30, 2021.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 15 – COMMITMENTS AND CONTINGENCIES, continued**

In addition to the above operating leases, the District also has a lease agreement with the Columbia Business Center Partners for the PCPA space. Future minimum lease payments under this agreement are as follows:

Year Ending	Lease Payment
June 30,	
2022	\$ 290,568
2023	290,568
2024	290,568
2025	290,568
2026	290,568
Total	<u>\$ 1,452,840</u>

Total lease expense of approximately \$290,568 was included in other operating expenses and services for the year ended June 30, 2021.

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Draeger Swede Survival Phase V -One		
Stop Student Ctr - Post Const.	\$ 520,227	August 2021
STEM/MESA Center	375,540	October 2021
Fine Arts Complex	32,886,709	May 2022
PCPA-Stage Craft Bldg Relocation	99,150	2021-2022
Other Capital Projects	91,554	2021
Total	<u>\$ 33,973,180</u>	

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 16 - FUNCTIONAL EXPENSES CLASSIFICATION**

The District's operating expenses by functional classification for the fiscal year ended June 30, 2021, are:

	Salaries	Benefits	Supplies, Material and other Expenses and Services	Depreciation	Total
Instruction	\$ 20,474,688	\$ 8,530,081	\$ 3,030,722	\$ -	\$ 32,035,491
Instructional Administration	3,780,217	1,584,652	1,473,746	-	6,838,615
Instructional Support Services	1,452,210	484,790	758,817	-	2,695,817
Admissions and Records	688,049	366,503	33,464	-	1,088,016
Counseling and Guidance	3,762,325	1,372,502	604,303	-	5,739,130
Other Student Services	4,593,393	1,749,619	1,399,252	-	7,742,264
Operations and Maintenance	2,565,682	1,510,415	1,974,358	-	6,050,455
Planning and Policy Making	1,485,985	737,266	539,843	-	2,763,094
General Institutional Services	6,508,675	3,798,722	4,339,913	-	14,647,310
Community Services	740,822	413,536	303,004	-	1,457,362
Ancillary Services	2,347,173	837,216	1,264,614	-	4,449,003
Auxiliary Operations	2,595,494	790,711	285,641	-	3,671,846
Physical Property and Related					
Acquisitions	14,672	10,901	1,420,918	-	1,446,491
Transfers and Student Payments	-	-	17,531,571	-	17,531,571
Depreciation	-	-	-	7,055,246	7,055,246
Total	\$ 51,009,385	\$ 22,186,914	\$ 34,960,166	\$ 7,055,246	\$ 115,211,711

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

Beginning net position was increased by \$490,025 due to the implementation of GASB Statement No. 84, *Fiduciary Activities* for implementation of a change in accounting principal.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 261,519	\$ 151,615	\$ 182,047	\$ 389,747
Interest	508,441	447,390	441,012	428,206
Changes of assumptions	110,013	1,248,428	675	-
Benefit payments	(530,333)	(491,265)	(505,165)	(486,067)
Net change in total OPEB liability	(223,777)	942,256	118,569	331,886
Total OPEB liability, beginning of year	8,825,708	7,883,452	7,764,883	7,432,997
Total OPEB liability, end of year (a)	\$ 8,601,931	\$ 8,825,708	\$ 7,883,452	\$ 7,764,883
Plan fiduciary net position				
Employer contributions	\$ 157,949	\$ 491,265	\$ 187,658	\$ 1,525,633
Employee contributions as benefit payments	82,792	-	-	-
Expected investment income	545,631	526,317	510,303	800,978
Investment gains (losses)	(12,647)	(36,404)	5,917	-
Administrative expense	(82,415)	(80,509)	(82,902)	(74,291)
Expected benefit payments	(552,458)	(491,265)	(505,165)	(486,067)
Other	-	-	675	-
Change in plan fiduciary net position	138,852	409,404	116,486	1,766,253
Fiduciary trust net position, beginning of year	9,524,093	9,114,689	8,998,203	7,231,950
Fiduciary trust net position, end of year (b)	\$ 9,662,945	\$ 9,524,093	\$ 9,114,689	\$ 8,998,203
Net OPEB liability (asset), ending (a) - (b)	\$ (1,061,014)	\$ (698,385)	\$ (1,231,237)	\$ (1,233,316)
Covered payroll	\$ 38,492,439	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	112.33%	107.91%	115.62%	115.88%
Net OPEB liability (asset) as a percentage of covered payroll	-2.76%	-1.81%	-3.36%	-3.52%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB  
FOR THE YEAR ENDED JUNE 30, 2021**

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	2021	2020	2019	2018
Actuarially determined contribution	\$ 403,398	\$ 530,333	\$ 491,625	\$ 472,675
Contributions in relations to the actuarially determined contribution	488,896	603,554	469,666	623,168
Contribution deficiency (excess)	<u>\$ (85,498)</u>	<u>\$ (73,221)</u>	<u>\$ 21,959</u>	<u>\$ (150,493)</u>
Covered-employee payroll	\$ 38,492,439	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144
Contribution as a percentage of covered-employee payroll	1.27%	1.57%	1.28%	1.78%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
CalSTRS				
District's proportion of the net pension liability	0.0369%	0.0370%	0.0376%	0.0378%
District's proportionate share of the net pension liability	\$ 35,763,719	\$ 33,416,920	\$ 34,542,841	\$ 34,975,009
State's proportionate share of the net pension liability associated with the District	18,436,052	18,231,308	19,777,392	20,690,920
Total	\$ 54,199,771	\$ 51,648,228	\$ 54,320,233	\$ 55,665,929
District's covered - employee payroll	\$ 19,537,038	\$ 19,921,437	\$ 19,665,696	\$ 19,266,447
District's proportionate share of the net pension liability as percentage of covered-employee payroll	183.06%	167.74%	175.65%	181.53%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
CalPERS				
District's proportion of the net pension liability	0.1213%	0.1176%	0.1152%	0.1112%
District's proportionate share of the net pension liability	\$ 37,229,655	\$ 34,283,498	\$ 30,705,677	\$ 26,558,153
District's covered - employee payroll	\$ 17,468,389	\$ 16,295,266	\$ 15,172,990	\$ 14,190,330
District's proportionate share of the net pension liability as percentage of covered-employee payroll	213.13%	210.39%	202.37%	187.16%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS			
District's proportion of the net pension liability	0.0395%	0.0445%	0.0419%
District's proportionate share of the net pension liability	\$ 31,984,006	\$ 29,940,012	\$ 24,496,314
State's proportionate share of the net pension liability associated with the District	18,207,924	15,834,966	14,791,932
Total	<u>\$ 50,191,930</u>	<u>\$ 45,774,978</u>	<u>\$ 39,288,246</u>
District's covered - employee payroll	\$ 18,337,484	\$ 17,842,340	\$ 17,076,861
District's proportionate share of the net pension liability as percentage of covered-employee payroll	174.42%	167.80%	143.45%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS			
District's proportion of the net pension liability	0.1122%	0.1125%	0.1068%
District's proportionate share of the net pension liability	\$ 22,165,339	\$ 16,580,009	\$ 12,125,929
District's covered - employee payroll	\$ 13,457,508	\$ 13,894,147	\$ 14,354,658
District's proportionate share of the net pension liability as percentage of covered-employee payroll	164.71%	119.33%	84.47%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

CaSTRS	Reporting Fiscal Year			
	2021	2020	2019	2018
Statutorily required contribution	\$ 3,215,112	\$ 3,542,065	\$ 3,243,210	\$ 2,837,760
District's contributions in relation to the statutorily required contribution	3,215,112	3,542,065	3,243,210	2,837,760
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,907,814	\$ 19,537,038	\$ 19,921,437	\$ 19,665,696
District's contributions as a percentage of covered-employee payroll	16.15%	18.13%	16.28%	14.43%

  

CaPERS	Reporting Fiscal Year			
	2021	2020	2019	2018
Statutorily required contribution	\$ 3,879,703	\$ 3,444,941	\$ 2,943,251	\$ 2,356,517
District's contributions in relation to the statutorily required contribution	3,879,703	3,444,941	2,943,251	2,356,517
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 18,742,527	\$ 17,468,389	\$ 16,295,266	\$ 15,172,990
District's contributions as a percentage of covered-employee payroll	20.70%	19.72%	18.06%	15.53%

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



**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Changes in the 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. There were no changes in benefit terms or assumptions in the current year.

**Schedule of Contributions – OPEB**

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

**Schedule of Proportionate Share of the Net Pension Liability**

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. 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 assumptions since the previous valuations for both CalSTRS and CalPERS.

**Schedule of Contributions – 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.

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## **SUPPLEMENTARY INFORMATION**

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**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATION  
JUNE 30, 2021**

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

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

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

**BOARD OF TRUSTEES**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Jeffery Hall	President	2024
Gregory A. Pensa	Vice President	2022
Hilda Zacarias	Member	2024
Suzanne Levy, Ed.D.	Member	2024
Alejandra Enciso Medina	Member	2022
Ana Rosas-Pacheco	Student Trustee	2021

**ADMINISTRATION**

Kevin G. Walthers, Ph.D. <i>Superintendent/President</i>	Eric D. Smith <i>Associate Superintendent/Vice President, Finance and Administration</i>
Robert Curry, Ph. D. <i>Associate Superintendent/Vice President, Academic Affairs</i>	Nohemy Ornelas, Ed.D. <i>Associate Superintendent/Vice President, Student Services</i>
Ruben Ramirez <i>Director, Human Resources</i>	Laura Becker <i>Director, Business Services</i>

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268	*	\$ 378,325
Federal Pell Grant Program	84.063	*	10,214,315
Federal Pell Grant Program Administrative Allowance	84.063	*	14,775
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	269,644
Federal Supplemental Educational Opportunity Grants Administrative Allowance	84.007	*	3,816
Federal Work-Study Program	84.033	*	151,522
Federal Work-Study Program Administration Allowance	84.033	*	7,391
Total Student Financial Assistance Cluster			<u>11,039,788</u>
TRIO Cluster			
TRIO-Student Support Services	84.042A	*	168,099
Total TRIO Cluster			<u>168,099</u>
Title V - Advance, Innovate, Maintain (AIM)	84.031S	*	194,115
Higher Education Emergency Relief Funds:			
COVID-19 HEERF CARES Act - Student Aid	84.425E	*	1,214,508
COVID-19 HEERF CARES Act - Institutional	84.425F	*	2,689,505
COVID-19 HEERF CARES Act - Minority Serving Institutions	84.425L	*	759,879
Total Higher Education Emergency Relief Funds			<u>4,663,892</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335A	*	100,239
<i>Passed through the California Community Colleges Chancellor's Office</i>			
Career and Technical Education Act, Perkins Title I, Part-C	84.048A	19-C01-610	555,679
<i>Passed through West Hills Community College</i>			
Community College Open Resource Partnership	84.116T	P116T200017	6,395
<b>Total U.S. Department of Education</b>			<u>16,728,207</u>
<b>U.S. DEPARTMENT OF FINANCE</b>			
<i>Passed through the California Community College's Chancellor's Office</i>			
Coronavirus Relief Fund	21.019		340,468
<b>Total U.S. Department of Finance</b>			<u>340,468</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through California Department of Education</i>			
Child and Adult Care Food Program	10.588	04380-CACFP-42-CC-IC	40,710
<i>Passed through the Cal Poly Corporation/California Polytechnic State University</i>			
USDA Food Safety Subaward	10.325	2020-13-45645	(2,261)
<i>Passed through the Foundation for Santa Barbara City College</i>			
Santa Barbara County Multi-Campus College Student Food Insecurity Planning Project	10.225	*	329
<i>Passed through Santa Barbara County Education Office</i>			
Forest Reserve	10.665	*	5,729
<b>Total U.S. Department of Agriculture</b>			<u>44,507</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the California Community College's Chancellor's Office</i>			
Temporary Assistance for Needy Families (TANF)	93.588	*	60,650
Foster and Kinship Care Education Program (FKCE)	93.658	*	35,119
Total TANF Cluster			<u>95,769</u>
<i>Passed through California Department of Education</i>			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	29,882
Child Care Mandatory Matching Funds of the Child Care and Development Fund	93.596	13609	65,004
Total TANF Cluster			<u>94,886</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>190,655</u>
<b>Balance Forward</b>			<u>\$17,303,837</u>

\*Pass-through entity identifying number not applicable

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Program Expenditures
<b>Balance Brought Forward</b>			<b>\$ 17,303,837</b>
<b>National Science Foundation</b>			
NSF Space Tec Mini Grant	47.076	*	249
Advance Technical Education (ATE)	47.076	*	56,139
Engineering Neighbors: Gaining Access, Growing Engineers (ENGAGE)	47.076	*	426,181
Improving Undergraduate STEM Education (IUSE)	47.076	*	9,931
LSAMP: Pre-Alliance Planning: C6 - California Central Coast Community College Collaborate	47.076	*	39,960
<i>Passed through The Regents of the University of California, Santa Barbara</i> Enhancing Success in Transfer Education for Engineering Majors (ESTEEM)	47.076	KK1727	20,721
<b>Total National Science Foundation</b>			<u>553,181</u>
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
Veterans Services Annual Reporting Fee	64.000	*	3,008
<b>Total U.S. Department of Veteran Affairs</b>			<u>3,008</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Firefighters Assistance - FEMA	97.044	*	9,338
<b>Total U.S. Department of Homeland Security</b>			<u>9,338</u>
Total Expenditures of Federal Awards			<u>\$ 17,869,364</u>

*\*Pass-through entity identifying number not applicable*

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received	Accounts Receivable (Payable)	Unearned Revenue		
AB19 CC Promise Program	\$ 489,027	\$ -	\$ 195,680	\$ 293,347	\$ 293,347
AB104 Adult Education	1,646,216	-	1,022,997	623,219	623,219
Board Financial Assistance Program-Student Financial Aid Administration (BFAP-SFAA)	409,087	-	-	409,087	409,087
Cal Grants - Financial Aid	1,342,802	-	-	1,342,802	1,342,802
Cal Recycle / Santa Barbara Food Rescue Grant	3,754	-	-	3,754	3,754
Cal-SOAP Grant	658,468	-	-	658,468	658,468
Cal-SOAP Workshop Program	7,926	-	5,656	2,270	2,270
CalWORKs	377,418	-	16,771	360,647	360,647
Campus Safety and Sexual Assault	11,318	-	7,920	3,398	3,398
CCCCO Cooperating Agencies Foster Youth Educational Support (CAFYES-NEXTUP)	393,950	-	11,740	382,210	382,210
CCCCO Cooperative Agencies Resources for Education (CARE)	254,021	-	4,193	249,828	249,828
CCCCO Disaster Relief Emergency SFA	86,508	-	-	86,508	86,508
CCCCO 2021 Immediate Action Budget Package (SB85) - CalFresh Outreach	36,613	-	36,613	-	-
CCCCO 2021 Immediate Action Budget Package (SB85) - Early Action Emergency Aid	893,331	-	893,331	-	-
CCCCO 2021 Immediate Action Budget Package (SB85) - Retention & Enrollment Outreach	176,183	-	170,811	5,372	5,372
CCCCO Dream Resource Liaison Support	50,551	-	-	50,551	50,551
CCCCO Extended Opportunity Program and Services (EOPS)	1,027,333	-	1,677	1,025,656	1,025,656
CCCCO Foster Care Title IV-E (FKCE)	91,252	-	36,651	54,601	54,601
CCCCO Guided Pathways	484,999	-	229,414	255,585	255,585
CCCCO Staff Diversity - Equal Employment Opportunity (EEO)	100,210	-	75,416	24,794	24,794
CCCCO Strong Workforce (Local)	3,067,360	-	1,864,909	1,202,451	1,202,451
CCCCO Veterans Program Support	33,821	-	33,115	706	706
CCCCO Veterans Resource Center	143,072	-	128,778	14,294	14,294
CDE CA State Preschool Program	263,954	-	-	263,954	263,954
Title V/Child Ctr Care General	333,875	(1,426)	-	332,449	274,213
CDE SB89 COVID-19 CSCP Grant (Lompoc)	260	-	260	-	-
CDE SB89 COVID-19 CSCP Grant (Santa Maria)	1,020	-	1,020	-	-
Child and Adult Care Food Program (CACFP)	2,024	202	-	2,226	2,101
Child Development Training Consortium	13,868	-	-	13,868	13,868
Classified Professional Development AB1840	36,747	-	34,156	2,591	2,591
COVID-19 Response Block Grant	573,196	-	427,282	145,914	136,101
CTE Data Unlocked (Sub Award - Rancho Santiago CCD)	21,512	-	21,512	-	-
Currently/Formerly Incarcerated Reentry	56,840	-	35,123	21,717	21,717
Deputy Sector Navigator AWET (Regional)	156,686	-	150,557	6,129	6,129
Disabled Students Program and Services	921,371	-	-	921,371	921,371
Deputy Sector Navigator AWET	271,703	-	73,881	197,822	197,822
Financial Aid Technology	100,087	-	24,869	75,218	75,218
Hunger Free Campus Yr1	47,829	-	-	47,829	47,829
Hunger Free Campus Yr2	33,693	-	17,374	16,319	16,319
Income, MIS Allocation/ Small	145	-	-	145	145
Innovation and Effectiveness	110,781	-	11,074	99,707	99,707
Mechanics of Inclusion	29,633	9,776	-	39,409	39,409
Mental Health Support	33,906	-	-	33,906	33,906
MESA	55,078	10,873	-	65,951	65,951
Califa CA Revealed Archives Collection	4,678	-	-	4,678	4,678
Califa CA Revealed Our Collections, Our Communities	3,908	-	-	3,908	3,908
Nursing Education	75,776	-	-	75,776	75,776
Peace Officer Standards & Training (POST)	553	-	-	553	553
Puente Project	2,500	-	2,500	-	-
Regional Strong Workforce	1,477,779	-	293,193	1,184,586	1,184,586
Santa Barbara QRIS Grant	56,393	-	30,232	26,161	26,161
Santa Barbara CEO QCSB Stipend	2,393	-	-	2,393	2,393
Santa Clarita DSN Information and Communication	95	-	-	95	95
Santa Barbara Toddler Accreditation	1,127	-	-	1,127	1,127
Student Equity and Achievement (SEAP)	653,524	3,495,057	131,772	4,016,809	4,016,809
Small Business Dev Ctr Grants	225	-	225	-	-
Staff Development (Carryforward)	1,576	-	-	1,576	1,576
Student Success Completion (SSG)	965,986	-	110,327	855,659	855,659
Teacher Prep STEM/CTE	9,000	1,256	-	10,256	10,256
Veteran Resource Ctr Grant	23,088	79,925	-	103,013	79,925
Zero Textbook Cost Program-Travel	8,580	-	-	8,580	-
<b>Total Expenditures of State Awards</b>	<b>\$ 18,136,609</b>	<b>\$ 3,595,663</b>	<b>\$ 6,101,029</b>	<b>\$ 15,631,243</b>	<b>\$ 15,531,401</b>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL  
ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>CATEGORIES</b>	Reported Data	Audit Adjustment	Audited Data
<b>A. Summer Intersession (Summer 2020 only)</b>			
1. Noncredit	10.02	-	10.02
2. Credit	43.14	-	43.14
<b>B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)</b>			
1. Noncredit	-	-	-
2. Credit	614.43	-	614.43
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,826.22	-	3,826.22
(b) Daily Census Contact Hours	448.71	-	448.71
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	177.32	-	177.32
(b) Credit	466.72	-	466.72
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,063.71	-	1,063.71
(b) Daily Census Contact Hours	573.74	-	573.74
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	7,224.01	-	7,224.01
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	10.98	-	10.98
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	64.59	-	64.59
2. Noncredit	236.19	-	236.19
Total Basic Skills FTES	300.78	-	300.78

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2021**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) 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	\$ 9,309,307	\$ -	\$ 9,309,307	\$ 9,309,307	\$ -	\$ 9,309,307
Other	1300	6,627,399	-	6,627,399	6,627,399	-	6,627,399
Total Instructional Salaries		15,936,706	-	15,936,706	15,936,706	-	15,936,706
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,084,303	-	5,084,303
Other	1400	-	-	-	655,203	-	655,203
Total Non-Instructional Salaries		-	-	-	5,739,506	-	5,739,506
Total Academic Salaries		15,936,706	-	15,936,706	21,676,212	-	21,676,212
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	10,092,241	-	10,092,241
Other	2300	-	-	-	262,222	-	262,222
Total Non-Instructional Salaries		-	-	-	10,354,463	-	10,354,463
Instructional Aides							
Regular Status	2200	1,137,644	-	1,137,644	1,137,644	-	1,137,644
Other	2400	533,377	-	533,377	533,377	-	533,377
Total Instructional Aides		1,671,021	-	1,671,021	1,671,021	-	1,671,021
Total Classified Salaries		1,671,021	-	1,671,021	12,025,484	-	12,025,484
Employee Benefits	3000	5,166,080	-	5,166,080	10,964,766	-	10,964,766
Supplies and Materials	4000	-	-	-	456,247	-	456,247
Other Operating Expenses	5000	1,287,136	-	1,287,136	5,185,319	-	5,185,319
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		24,060,943	-	24,060,943	50,308,028	-	50,308,028
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	385,314	-	385,314	488,896	-	488,896
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	116,964	-	116,964
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	450,527	-	450,527
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	370,571	-	370,571
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	165,990	-	165,990
Non-inst. Supplies & Materials	4400	-	-	-	224,532	-	224,532
Total Supplies and Materials		-	-	-	761,093	-	761,093
Other Operating Expenses and Services	5000	-	-	-	1,304,422	-	1,304,422
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 385,314	\$ -	\$ 385,314	\$ 3,121,902	\$ -	\$ 3,121,902
Total for ECS 84362, 50% Law		\$ 23,675,629	\$ -	\$ 23,675,629	\$ 47,186,126	\$ -	\$ 47,186,126
Percent of CEE (Instructional Salary Cost/Total CEE)		50.17%	0.00%	50.17%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 23,593,063	\$ -	\$ 23,593,063

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT  
 FOR THE YEAR ENDED JUNE 30, 2021**

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EPA Revenue	14,608,827
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	14,608,827	-	-	14,608,827
Total		14,608,827	-	-	14,608,827

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2021.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF FUND EQUITY TO NET POSITION  
JUNE 30, 2021**

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<b>Total Fund Balance - District Funds Included in the Reporting Entity:</b>		
General Fund	\$ 34,523,412	
Debt Service Fund	10,986,857	
Child Development Fund	405,375	
Internal Service Funds	3,822,048	
PCPA Fund	2,413,431	
Capital Projects Funds	37,248,495	
Student Financial Aid Fund	21,600	
Other Funds	<u>755,545</u>	\$ 90,176,763
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	\$ 283,436,313	
Accumulated depreciation	<u>(78,643,214)</u>	204,793,099
Net OPEB Asset		1,061,014
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refunding		7,215,331
Deferred outflows related to OPEB		1,172,030
Deferred outflows related to pensions		15,886,514
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	\$ 177,318,429	
Other long-term liabilities	32,683	
Premiums, net	10,255,738	
Compensated absences	1,348,112	
Net pension liability	<u>72,993,374</u>	(261,948,336)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to OPEB		(854,134)
Deferred inflows related to pensions		<u>(2,614,237)</u>
<b>Net Position Reported Within the Statement of Net Position</b>		<b><u>\$ 52,843,865</u></b>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organization**

This schedule provides information about the District's governing board members and administration members, as of June 30, 2021.

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

**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**

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

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

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**NOTE 1 - PURPOSE OF SCHEDULES, continued**

**Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

**Reconciliation of Fund Equity to Net Position**

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

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of Allan Hancock Joint Community College District (the District) as of and for the year ended June 30, 2021, 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 17, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

*CWDL, Certified Public Accountants*

San Diego, California  
December 17, 2021



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

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

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

We have audited Allan Hancock Joint Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2021. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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.



San Diego, California  
December 17, 2021



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

### **Report on State Compliance**

We have audited Allan Hancock Joint Community College District's (the District) compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2021.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, issued by the California Community Colleges Chancellor's Office. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

### **Opinion of State Compliance**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2021.

## Procedures Performed

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 and Non-CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 499 – COVID-19 Response Block Grant Expenditures

## Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
December 17, 2021

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I – Schedule of Audit Findings and Questioned Costs**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>Higher Education Emergency Relief Funds</u>

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

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section II – Financial Statement Findings**

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

**There were no financial statement findings or questioned costs identified during 2020-21.**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section III – Federal Award Findings and Questioned Costs**

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

**There were no federal award findings or questioned costs identified during 2020-21.**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section IV – State Award Findings and Questioned Costs**

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

**There were no state award findings or questioned costs identified during 2020-21.**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

***Financial Statement Findings***

None reported.

***Federal Awards Findings***

None reported.

***State Awards Findings***

**FINDING #2020-001 – SECTION 475 - DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)**

**Criteria or Specific Requirement**

California Code of Regulations (CCR) Title 5 DSPS Regulations, each college shall generate an Academic Accommodation Plan (AAP) and maintain a record of the interactive process between each DSPS student and a DSPS certificated staff member regarding the academic adjustments, auxiliary aids, services and/or instruction necessary to provide the student equal access to the educational process, given the educational limitations resulting from the student's disabilities. In addition, when a student is enrolled in educational assistance classes the AAP shall define measurable progress toward the goals of each class.

We are required by Contracted District Audit Manual to test student files for eligibility for state-sponsored disabled student services programs or courses.

**References**

California Code of Regulations (CCR) Title 5 DSPS Regulations Contracted District Audit Manual (CDAM) FY2020-21.

**Identified Condition**

For seven (7) of twenty-five (25) students sampled, there was no Academic Accommodation Plan (AAP) that serves as a record of the interactive process between each DSPS student and a DSPS professional staff member regarding the academic adjustments, auxiliary aids, services and/or instruction necessary to provide the student equal access to the educational processes.

**Questioned Costs**

None.

**Context**

Seven (7) exceptions out of twenty-five (25) student selections.

**Effect**

The special funding for the DSPS program could be affected if program guidelines are not adhered to.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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***State Awards Findings, continued***

**FINDING #2020-001 – SECTION 475 - DISABLED STUDENT PROGRAMS AND SERVICES (DSPS), continued**

**Cause**

Clerical related to agreement form processing delays.

**Recommendation**

The District should implement a control procedure for monitoring compliance issues related to this program to ensure that compliance requirements are met, and proper documentation is maintained in advance of acceptance of a new student into the program.

**Management's Response and Corrective Action Plan**

The District's Education Assistance Classes (EAC) program was developed in partnership with the Vocational Training Center (VTC) and has been in place for a considerable time. While gathering information regarding the history of the program and its procedures, new District administration noted that there was not a process in place to ensure completion and receipt of the Verification of Disability (VOD) and Academic Accommodation Plan (AAP) Title 5 documents. With assistance from the administrator at the Vocational Training Center (VTC-under the umbrella of the Regional Center), whom was also new to the position, new Title 5 compliant VOD and AAP forms were developed that align with the new partnership agreement. After the new forms were approved by all required administrators, the Learning Assistance Program staff and the VTC collaborated to mail, deliver, and email forms. As all efforts were under way to obtain signatures where needed, the COVID-19 pandemic began, causing considerable delay or inability to obtain signatures. These new AAP forms will be utilized for each student entering the program moving forward. Additionally, in collaboration with VTC, a progress report that can be used for each student was developed, and easily aligns with the learning outcomes of the EAC program.

**Current Status**

Implemented in 2020-21.