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**ALLAN HANCOCK JOINT
COMMUNITY COLLEGE DISTRICT**

AUDIT REPORT

JUNE 30, 2025

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Allan Hancock Joint Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 101, Compensated Absences which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 8, 2025, 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 8, 2025

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Allan Hancock Joint Community College District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

The District's audited financial statements include:

- 1) A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

- 2) Financial statements prepared using full accrual accounting for all the District's activities that reflect the government-wide financial picture as opposed to individual fund financial statements.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025**

FINANCIAL HIGHLIGHTS

Net Position

The District's net position was \$91,010,166 for the fiscal year ended June 30, 2025. Of this amount, (\$16,753,646) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board's ability to use that net position for day-to-day operations. Our analysis below focuses on net position and change in net position of the District's business-type activities.

	2025	2024	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 107,948,186	\$ 117,473,226	\$ (9,525,040)
Non-current assets	248,546,417	249,083,057	(536,640)
Deferred outflows of resources	28,991,404	30,527,842	(1,536,438)
Total Assets and Deferred Outflows of Resources	\$ 385,486,007	\$ 397,084,125	\$ (11,598,118)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	\$ 31,338,908	\$ 40,740,702	\$ (9,401,794)
Non-current liabilities	250,907,712	252,977,274	(2,069,562)
Deferred inflows of resources	12,229,221	8,477,336	3,751,885
Total Liabilities and Deferred Inflows of Resources	294,475,841	302,195,312	(7,719,471)
NET POSITION			
Net investment in capital assets	69,621,197	68,927,574	693,623
Restricted	38,142,615	38,737,076	(594,461)
Unrestricted (deficit)	(16,753,646)	(12,775,837)	(3,977,809)
Total Net Position	91,010,166	94,888,813	(3,878,647)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 385,486,007	\$ 397,084,125	\$ (11,598,118)

This schedule has been prepared from the District's *Statement of Net Position* (page 13), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and cash equivalents consist primarily of funds held in the County Treasury. The changes in cash position is explained in the *Statement of Cash Flows* (pages 15-16).

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL HIGHLIGHTS, continued

Change in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* (page 14) presents the operating results of the District, as well as the non-operating revenues and expenses. State apportionments, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

	2025	2024	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 4,404,258	\$ 3,951,799	\$ 452,459
Federal grants and contracts, non-capital	3,476,211	4,102,600	(626,389)
State grants and contracts, non-capital	27,485,822	21,237,340	6,248,482
Local grants and contracts, non-capital	574,377	507,750	66,627
Total Operating Revenues	35,940,668	29,799,489	6,141,179
OPERATING EXPENSES			
Salaries and employee benefits	91,760,894	84,672,709	7,088,185
Supplies, materials, and other operating expenses and services	20,717,769	17,518,096	3,199,673
Student aid	28,790,441	22,573,373	6,217,068
Depreciation and amortization	8,938,884	8,568,562	370,322
Total Operating Expenses	150,207,988	133,332,740	16,875,248
Operating Loss	(114,267,320)	(103,533,251)	(10,734,069)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	54,103,416	52,579,032	1,524,384
Local property taxes and taxes levied for other specific purposes	34,253,072	32,955,219	1,297,853
Federal and State financial aid grants, non-capital	22,359,290	19,179,706	3,179,584
State taxes and other revenues	2,670,863	3,354,641	(683,778)
Interest expense, net of investment income	(4,633,263)	(5,145,999)	512,736
Other financing sources/(uses)	556,300	(156,837)	713,137
Local grants and other non-operating income	7,174,158	5,903,343	1,270,815
Total Non-Operating Revenues/(Expenses)	116,483,836	108,669,105	7,814,731
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)			
Local revenues, capital	128,946	118,910	10,036
Total Other Revenue/(Expenses) and Gains/(Losses)	128,946	118,910	10,036
Change in Net Position	2,345,462	5,254,764	(2,909,302)
NET POSITION, BEGINNING OF YEAR	94,888,813	84,747,071	10,141,742
PRIOR YEAR ADJUSTMENT (SEE NOTE 19)	(6,224,109)	4,886,978	(11,111,087)
NET POSITION, END OF YEAR	\$ 91,010,166	\$ 94,888,813	\$ (3,878,647)

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL HIGHLIGHTS, continued

Change in Net Position, continued

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be non-operating. As a result, the operating loss of \$114,267,320 is balanced by other funding sources. Total District revenues exceeded total expenses by \$2,345,462 for the year ended June 30, 2025.

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

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

Cash Flows

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

	2025	2024	Change
Cash Provided by/(Used in)			
Operating activities	\$ (118,809,357)	\$ (98,149,761)	\$ (20,659,596)
Non-capital financing activities	115,262,704	100,104,039	15,158,665
Capital financing activities	(5,631,003)	(8,443,261)	2,812,258
Investing activities	1,696,136	1,570,318	125,818
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,481,520)	(4,918,665)	(2,562,855)
Cash and Cash Equivalents, Beginning of Year	101,549,115	106,467,780	(4,918,665)
Cash and Cash Equivalents, End of Year	<u>\$ 94,067,595</u>	<u>\$ 101,549,115</u>	<u>\$ (7,481,520)</u>

The primary operating receipts are grants and contracts. 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, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had \$244,483,041 in a broad range of capital assets net of accumulated amortization including land, construction in progress, buildings, and furniture and equipment. During the year, the District also continued to modernize and refurbish various sites.

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

	2025	2024	Change
Land and construction in progress	\$ 12,518,971	\$ 13,094,073	\$ (575,102)
Land improvements and buildings and improvements	307,030,183	302,069,178	4,961,005
Furniture and equipment	31,204,855	30,239,009	965,846
Total Capital Assets	350,754,009	345,402,260	5,351,749
Less accumulated depreciation	(106,270,968)	(98,429,080)	(7,841,888)
Capital Assets, Net	\$ 244,483,041	\$ 246,973,180	\$ (2,490,139)

Long-Term Obligations

At the end of this year, the District had \$257,391,043 in outstanding long-term obligations. This is primarily made up of \$180,241,176 bonds payable.

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

	2025	2024*	Change
Bonds payable	\$ 180,241,176	\$ 184,870,054	\$ (4,628,878)
Lease liability	325,512	649,435	(323,923)
Software lease liability	1,057,291	1,206,877	(149,586)
Compensated absences*	9,353,235	9,256,192	97,043
Net pension liability	66,413,829	68,743,829	(2,330,000)
Total Long-term Liabilities	\$ 257,391,043	\$ 264,726,387	\$ (7,335,344)

*As Restated

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$66,413,829 versus \$68,743,829 last year, a decrease of \$2,330,000, or 3.4 percent.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW:

The district completed the 24-25 fiscal year (FY) with a surplus just under \$3 million which resulted from additional state revenue over what was initially budgeted, conservative budgeting, astute planning and effective financial management. Income increased year over year due to a state mandated cost of living increase and a slight increase in Full-Time Equivalent Students (FTES). The total number of FTES are the largest factor in the state apportionment calculation, which made up over 90% of annual budgeted revenue. While traditional students continue to enroll in courses at Allan Hancock College, our dual enrollment program is growing at a much more significant rate. The district's FTES has not yet made its way back to pre-pandemic (2019) levels, but enrollment increases, combined with cost-of-living increases incorporated into the state funding model are slowly getting the college back to a position of budgeting strength.

Through governmental reports and financial documents, the college ensures that budgets and resource allocation have a high degree of credibility and accuracy. The college presents budgets to the board of trustees for adoption three times each fiscal year. The tentative budget is presented in June and is based on collaborative work between departments and budget managers. Decisions and adjustments are made utilizing program reviews, annual updates, state guidance and shared governance groups such as Budget Council, Resource Alignment Committee, Information Technology Council and Facilities Council. Many budget decisions, before they are implemented, are also discussed in the Academic Senate and at the College Council. The adopted budget, approved by the Board of Trustees in September, encompasses projected state allocations and awards, at least those known at the time of adoption, and is balanced. It also includes an unrestricted general fund reserve that exceeds the minimum state recommended levels of two months of expenditures (16.7%). The revised adopted budget is presented in the Spring and includes any updates for new or revised state and federal awards and allocations and collective bargaining agreements. The college ended FY2025 in excellent shape, with strong reserves and a planned realignment of funds into the future capital improvement reserve. End-of-year surplus funds were also used to build up reserves for one-time needs.

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

The annual state apportionment continued to grow apace with cost-of-living increases as the state struggled with its overall budget. Uncollected debt from students continues to rise. The district noted those amounts began to increase in FY23-24, possibly as a result of the end of HEERF payments to students, and the annual write-off amount continues to increase. The district is monitoring this closely and implementing new programs and processes to ensure students meet their debt obligations to the district. In future budget years, the district is planning accordingly by setting aside funds for future write-offs.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW, continued:

In January of 2025, the state governor presented the FY25-26 state budget which appeared to be on a much better track than the prior fiscal year budget and implemented a number of reductions and used state "rainy day" funds to balance the state budget. The FY25-26 budget was based on slight increases in revenue and lower cost of living increases than projected in prior years. The approved state budget, passed by the legislature in June 2025, included expected categorical funding and some additional funds to meet growth increases across the community college system. As of the end of FY24-25, the district expected to receive 100% of the projected apportionment for FY24-25 and initial indications are that the district will receive 100% of the projected FY25-26 apportionment, as well.

The 2025 FY closed out a number of capital projects, ultimately leaving just \$4.2 million in the bond fund and just under \$10 million in the capital project reserves. There are a few minor projects left to complete in FY25-26, but without a new local bond or state funds the district will focus on emergency needs for the foreseeable future.

In December of 21, the college reallocated \$4,542,528 from the country treasury to an irrevocable trust as a partial offset against future CalSTRS and CalPERS employer contribution rate increases. The Trust is healthy, and the district took its first disbursement in FY24-25. The district also took a disbursement from the OPEB trust which, as of the last actuarial report, is still funded above 100 percent of expected liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES 2025-2026

Fiscal year 25-26 will be slightly more challenging than the prior year. The new funding model established the FY24-25 apportionment as the new baseline. Until enrollments improve enough to rise above the baseline, the district will receive no more than that amount (currently just over \$80 million). This puts pressure on the district's budget, as expenses for things like software, salaries and benefits continue to increase. Agreements with the full-time faculty, part-time faculty and classified employees continue to drive up salary and benefit costs. As a result, the district applied its reserve to balance the budget. Additionally, the state continues to project a perilous revenue situation over the next couple of years, but as and with federal funds drying up, the district will need to closely monitor expenditures. The district does not expect to earn additional apportionment until FY26-27, based on projected FTES increases and the application of annual COLAs into the state apportionment calculation. Expenses in FY26-27 may go up, as well, as new bargaining agreements are expected to go into effect for CSEA and the Part-Time Faculty on July 1, 2026.

The district built a new priority list for construction projects during FY24-25. Approved by the board in June 2025, this list provides the outlook for capital projects for the next 15-20 years. It is grounded in the 2023-2033 Facilities Master Plan (FMP). The updated list will also be sent to the state for future funding. Smaller projects may be funded by the district out of capital project reserves, as needed.

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL SECTION

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 94,067,595
Accounts receivable, net	13,473,046
Due from fiduciary funds, net	52,888
Prepaid expenses	354,657
Total Current Assets	<u>107,948,186</u>

Non-current Assets:

Net OPEB asset	2,752,521
Right-to-use assets, net	1,310,855
Capital assets, net	244,483,041
Total Non-current Assets	<u>248,546,417</u>

TOTAL ASSETS

356,494,603

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	5,169,007
Deferred outflows related to OPEB	1,240,846
Deferred outflows related to pensions	22,581,551

TOTAL DEFERRED OUTFLOWS OF RESOURCES

28,991,404

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 385,486,007

LIABILITIES

Current Liabilities:

Accounts payable	\$ 3,277,814
Interest payable	1,932,938
Unearned revenue	19,644,825
Long-term debt, current portion	6,483,331
Total Current Liabilities	<u>31,338,908</u>

Non-current Liabilities:

Net pension liability	66,413,829
Long-term debt, non-current portion	184,493,883
Total Non-current Liabilities	<u>250,907,712</u>

TOTAL LIABILITIES

282,246,620

DEFERRED INFLOWS OF RESOURCES

Deferred gain on refunding	2,993,791
Deferred inflows of resources related to OPEB	2,378,301
Deferred inflows related to pensions	6,857,129

TOTAL DEFERRED INFLOWS OF RESOURCES

12,229,221

NET POSITION

Net investment in capital assets	69,621,197
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Restricted for:

Debt service	12,608,317
Capital projects	12,560,809
Educational programs	10,630,231
Other special purposes	2,343,258

Unrestricted (deficit)	<u>(16,753,646)</u>
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TOTAL NET POSITION

91,010,166

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 385,486,007

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

OPERATING REVENUES	
Tuition and fees	\$ 9,549,749
Less: Scholarship discounts and allowances	(5,145,491)
Tuition and fees, net	<u>4,404,258</u>
Grants and contracts, non-capital	
Federal	3,476,211
State	27,485,822
Local	574,377
TOTAL OPERATING REVENUES	<u>35,940,668</u>
OPERATING EXPENSES	
Salaries	69,516,654
Employee benefits	22,244,240
Supplies, materials, and other operating expenses and services	20,717,769
Student aid	28,790,441
Depreciation and amortization	8,938,884
TOTAL OPERATING EXPENSES	<u>150,207,988</u>
OPERATING LOSS	<u>(114,267,320)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	54,103,416
Local property taxes	25,687,011
Taxes levied for other specific purposes	8,566,061
Federal financial aid grants, non-capital	18,120,739
State financial aid grants, non-capital	4,238,551
State taxes and other revenues	2,670,863
Investment income/(loss), non-capital	1,696,136
Interest expense on capital asset-related debt	(7,273,103)
Investment income on capital asset-related debt	943,704
Other financing sources/(uses)	556,300
Local grants and other non-operating income	7,174,158
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>116,483,836</u>
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	<u>2,216,516</u>
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	
Local revenues, capital	128,946
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	<u>128,946</u>
CHANGE IN NET POSITION	2,345,462
NET POSITION, BEGINNING OF YEAR	94,888,813
PRIOR YEAR ADJUSTMENT (SEE NOTE 19)	(6,224,109)
NET POSITION, END OF YEAR	<u>\$ 91,010,166</u>

The accompanying notes are an integral part of these financial statements.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees, net	\$ 3,337,287
Grants and contracts	25,659,607
Payments to students	(28,790,441)
Payments to or on behalf of employees	(94,663,503)
Payments to vendors	(24,352,307)
Net Cash Used in Operating Activities	<u>(118,809,357)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	56,720,906
Local property taxes	25,687,011
State taxes and other revenues	2,670,863
Local grants and other non-operating income	7,812,173
Federal and State financial aid grants	22,359,290
Other sources/(uses)	12,461
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>115,262,704</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(5,364,847)
Local revenues, capital	128,946
Taxes levied for other specific purposes	8,566,061
Principal paid on capital debt	(33,936,399)
Principal paid on leases	(1,130,913)
Interest received on capital debt	26,106,149
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(5,631,003)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	1,696,136
Net Cash Provided by/(Used in) by Investing Activities	<u>1,696,136</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,481,520)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>101,549,115</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 94,067,595</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
PRIMARY GOVERNMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Operating loss	\$ (114,267,320)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and amortization	8,938,884
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
Accounts receivables, net	(661,084)
Prepaid expenses	(88,230)
Net OPEB asset	(2,379,993)
Deferred outflows related to OPEB and pensions	1,014,536
Accounts payable	(3,627,884)
Unearned revenue	(6,282,690)
Compensated absences	97,043
Net pension liability	(2,330,000)
Deferred inflows related to OPEB and pensions	777,381
Total Adjustments	<u>(4,542,037)</u>
Net Cash Flows From Operating Activities	<u>\$ (118,809,357)</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	Retiree OPEB Trust	Other Trusts
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 13,626	\$ 6,390,346
Investments	11,254,065	-
Due from other funds	-	4,525
Total Assets	<hr/> 11,267,691	<hr/> 6,394,871
Liabilities		
Accounts payable	-	509,784
Unearned Revenue	-	1,040
Total Liabilities	<hr/> -	<hr/> 510,824
Net Position		
Other than pensions	11,267,691	-
Unrestricted	-	5,884,047
Total Net Position	<hr/> \$ 11,267,691	<hr/> \$ 5,884,047

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Retiree OPEB Trust	Other Trusts
Additions		
Interest and investment income	\$ 826,883	\$ -
Local revenues	-	764,500
Total Additions	<u>826,883</u>	<u>764,500</u>
Deductions		
Academic salaries	-	11,904
Classified salaries	-	451
Books and supplies	-	101,419
Administrative expenses	25,269	-
Services and operating expenditures	-	556,176
Total Deductions	<u>25,269</u>	<u>669,950</u>
Changes in Net Position	801,614	94,550
Net Position - Beginning of Year	10,466,077	5,789,497
Net Position - End of Year	<u>\$ 11,267,691</u>	<u>\$ 5,884,047</u>

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – ORGANIZATION

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

Financial Reporting Entity

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – ORGANIZATION, continued

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

The Allan Hancock College Auxiliary Programs Corporation

The Allan Hancock College Auxiliary Programs Corporation (the "Corporation") is a legally separate organization and a component unit of the District. The Corporation is an auxiliary operation of the District and includes the Pacific Conservatory of the Performing Arts (PCPA) and Associated Students Trust Fund. The purpose of the Corporation is to provide benefits to the educational programs and services for the District. The District allocates funds each year which helps the corporation perform all of its own staffing and administrative functions. Such common governance and administrative structure are the prime criteria used to evaluate the Corporation for inclusion in the accompanying financial statements as a blended component unit. Accordingly, the activities of the Corporation are accounted for in the District's business-type activities. Separate financial statements for the Corporation can be obtained from the District's business office at 800 South College Drive, Santa Maria, CA 93454-6399. Condensed component unit information for the Corporation (the District's blended component unit) for the year ended June 30, 2025, is as follows:

Condensed Combining Statement of Net Position

	PCPA	Associated Students Trust Fund	Total
Assets			
Current assets	\$ 4,820,277	\$ 314,212	\$ 5,134,489
Liabilities			
Current liabilities	811,393	3,038	814,431
Net Position			
Restricted	4,008,884	311,174	4,320,058
Total Net Position	\$ 4,008,884	\$ 311,174	\$ 4,320,058

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – ORGANIZATION, continued

The Allan Hancock College Auxiliary Programs Corporation, continued

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

	PCPA	Associated Students Trust Fund	Total
Operating Revenues			
Local revenue	\$ 3,306,123	\$ 155,372	\$ 3,461,495
Total Operating Revenues	3,306,123	155,372	3,461,495
Expenditures			
Operating expenses	5,325,269	382,891	5,708,160
Other Outgo	1,010,520	563,339	1,573,859
Total Expenditures	6,335,789	946,230	7,282,019
Other Financing Sources/(Uses)			
Financing Sources	3,009,319	798,034	3,807,353
Changes in Net Position	(20,347)	7,176	(13,171)
Net Position - Beginning of Year	4,029,231	303,998	4,333,229
Net Position - End of Year	\$ 4,008,884	\$ 311,174	\$ 4,320,058

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, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2025, 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, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses

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

Lease Receivable

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

Capital Assets and Depreciation

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

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

Accounts Payable

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

Debt Issuance Costs, Premiums, and Discounts

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

Deferred Gain/(Loss) on Refunding

Deferred gain/(loss) on refunding is amortized using the straight-line method over the remaining life of the new or the remaining life of the old debt, whichever is shorter.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

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 entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The 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. The liability for this benefit is reported on the entity-wide financial statements.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences, continued

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.)

Flow Assumption: When determining the Amounts Due within One Year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The Amount Due within One Year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

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 employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Right-to-Use Assets and Lease Liabilities

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

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

Long-term Debt

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

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report \$38,142,615 of restricted net position.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*, which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The financial impact of this Statement is reflected in Notes 12 and 19.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024

Upcoming GASB Pronouncements

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

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

GASB Statement No. 104 - In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Policies and Practices

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

Cash in County Treasury

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

General Authorizations

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Authorized Under Debt Agreements

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

Cash and cash equivalents and investments as of June 30, 2025, consists of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 5,816,450	\$ 6,403,972
Cash in revolving	28,000	-
Cash in County Treasury	88,223,145	-
Investments	-	11,254,065
Total Cash and Cash Equivalents and Investments	<u>\$ 94,067,595</u>	<u>\$ 17,658,037</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	\$ 87,149,763	\$ 88,223,145	664
Mutual Funds	11,254,065	11,254,065	N/A
Total	<u>\$ 98,403,828</u>	<u>\$ 99,477,210</u>	

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool, the Mutual Funds, and the U.S. Treasury Bonds are not required to be rated, nor have been rated as of June 30, 2025.

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, 2025, the District's bank balance of \$5,470,146 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, 2025**

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, 2025:

Investment Type	Fair Value	Level 1 Inputs	Level 3 Inputs	Uncategorized
Santa Barbara County Investment Pool	\$ 88,223,145	\$ -	\$ -	\$ 88,223,145
Mutual Funds	11,254,065	11,254,065	-	-
Total	\$ 99,477,210	\$ 11,254,065	\$ -	\$ 88,223,145

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, 2025

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	\$ 1,709,605
State Government	
Apportionment	2,818,555
Categorical aid	936,551
Local Sources	
District Foundation	13,463
Interest	662,893
Other local sources	3,055,093
Student Receivables	4,276,886
Total Accounts Receivable, net	<u>\$ 13,473,046</u>

NOTE 6 – RIGHT-TO-USE ASSETS

The amount of right-to-use assets by major class of underlying leased assets as of June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Right-to-Use Assets:				
Leased equipment	\$ 315,492	\$ -	\$ -	\$ 315,492
Leased buildings	2,551,992	-	-	2,551,992
Leased software	2,420,753	657,404	1,277,382	1,800,775
Total Right-to-Use Assets	<u>5,288,237</u>	<u>657,404</u>	<u>1,277,382</u>	<u>4,668,259</u>
Less Accumulated Amortization				
Leased equipment	277,315	22,906	-	300,221
Leased buildings	2,041,594	255,199	-	2,296,793
Leased software	1,231,979	805,793	1,277,382	760,390
Total Accumulated Amortization	<u>3,550,888</u>	<u>1,083,898</u>	<u>1,277,382</u>	<u>3,357,404</u>
Right-to-Use Assets, Net	<u>\$ 1,737,349</u>	<u>\$ (426,494)</u>	<u>\$ -</u>	<u>\$ 1,310,855</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 7 – LEASE RECEIVABLE

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

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

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

During the year ended June 30, 2025, the District recognized revenues related to these lease agreements totaling \$20,800. During the year ended June 30, 2025, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

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

At June 30, 2025, the lease receivable has been fully amortized.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2025, was as follows:

	Balance			Balance
	July 1, 2024	Additions	Deductions	June 30, 2025
Capital Assets not Being Depreciated				
Land	\$ 3,758,448	\$ -	\$ -	\$ 3,758,448
Construction in progress	9,335,625	4,385,903	4,961,005	8,760,523
Total Capital Assets Not Being Depreciated	13,094,073	4,385,903	4,961,005	12,518,971
Capital Assets Being Depreciated				
Land improvements	6,555,136	-	-	6,555,136
Buildings and improvements	295,514,042	4,961,005	-	300,475,047
Furniture and equipment	30,239,009	978,944	13,098	31,204,855
Total Capital Assets Being Depreciated	332,308,187	5,939,949	13,098	338,235,038
Total Capital Assets	345,402,260	10,325,852	4,974,103	350,754,009
Less Accumulated Depreciation				
Land improvements	5,164,978	213,961	-	5,378,939
Buildings and improvements	67,921,175	6,623,497	-	74,544,672
Furniture and equipment	25,342,927	1,017,528	13,098	26,347,357
Total Accumulated Depreciation	98,429,080	7,854,986	13,098	106,270,968
Capital Assets, net	\$ 246,973,180	\$ 2,470,866	\$ 4,961,005	\$ 244,483,041

Depreciation expense for the year was \$7,854,986.

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2025, consisted of the following:

	Primary	Fiduciary
	Government	Funds
Accrued payroll	\$ 261,204	\$ -
Construction	151,939	-
Student liabilities	4,422	-
Foundation payable	8,696	-
State grants	3,935	-
Other	2,847,618	509,784
Total Accounts Payable	\$ 3,277,814	\$ 509,784

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 10 – UNEARNED REVENUE

Unearned revenue at June 30, 2025, consisted of the following:

	Primary Government	Fiduciary Funds
Federal financial assistance	\$ 20,567	\$ -
State grants and categorical aid	16,053,606	-
Enrollment fees	2,192,810	-
Local sources	1,377,842	1,040
Total Unearned Revenue	<u>\$ 19,644,825</u>	<u>\$ 1,040</u>

NOTE 11 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2025, the amounts owed to the primary government from the fiduciary funds were \$52,888 and due to fiduciary funds from the primary government of \$0.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2024-25 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to \$556,300. 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, 2025**

NOTE 12 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities during the 2024-25 fiscal year consisted of the following:

	*Restated			Balance June 30, 2025	Due Within One Year
	Balance July 1, 2024	Additions	Reductions		
Bonds Payable					
General obligation bonds	\$ 177,238,403	\$ 33,860,323	\$ 36,545,000	\$ 174,553,726	\$ 4,310,000
Unamortized bond premium	7,631,651	2,608,601	4,552,802	5,687,450	696,445
Total Bonds Payable	184,870,054	36,468,924	41,097,802	180,241,176	5,006,445
Other Long-Term Liabilities					
Lease liability	649,435	-	323,923	325,512	325,512
Software lease liability	1,206,877	657,404	806,990	1,057,291	458,641
Compensated absences	9,256,192	97,043	-	9,353,235	692,733
Net pension liability	68,743,829	-	2,330,000	66,413,829	-
Total Other Long-Term Liabilities	79,856,333	754,447	3,460,913	77,149,867	1,476,886
Total Long-Term Liabilities	\$ 264,726,387	\$ 37,223,371	\$ 44,558,715	\$ 257,391,043	\$ 6,483,331

*See Note 19 for the Prior Year Adjustment disclosure

Description of Debt

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

General Obligation Bonds

The outstanding general obligation bonds as of June 30, 2025 are as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
2012	8/1/2047	2.00 - 5.70%	\$ 38,996,200	\$ 57,458,403	\$ 3,220,323	\$ -	\$ 60,678,726
2014	8/1/2030	2.00 - 5.00%	52,260,000	36,250,000	-	36,250,000	-
2017	8/1/2038	3.00 - 4.25%	13,515,000	13,515,000	-	-	13,515,000
2017	8/1/2034	3.00 - 4.00%	24,275,000	23,985,000	-	295,000	23,690,000
2019	8/1/2044	3.00 - 5.00%	23,000,000	21,995,000	-	-	21,995,000
2020	8/1/2045	4.00%	11,200,000	11,200,000	-	-	11,200,000
2020	8/1/2039	3.21%	12,835,000	12,835,000	-	-	12,835,000
2024	8/1/2030	5.00%	30,640,000	-	30,640,000	-	30,640,000
Total General Obligation Bonds				\$ 177,238,403	\$ 33,860,323	\$ 36,545,000	\$ 174,553,726

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds. continued

Bonded Debt

In September 2012, the District issued Election of 2006 Series C General Obligation Bonds in the amount of \$38,996,200. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.70 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2047. At June 30, 2025, the principal balance outstanding was \$60,678,726. Unamortized premium received on issuance of the bonds amounted to \$113,241 as of June 30, 2025.

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 2.44 percent. The bonds have been fully refunded as of June 30, 2025 from the District's 2024 Refunding bonds.

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, 2025, the principal balance outstanding was \$13,515,000, and unamortized premium on issuance and deferred amount on refunding were \$596,582 and \$1,095,690, respectively.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Bonded Debt, continued

In October 2017, the District issued the 2017 General Obligation Refunding Bonds, Series B in the amount of \$24,275,000. The bonds have a final maturity which occurs on August 1, 2034, with interest rates from 3.00 to 4.00 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$26,832,650 (representing the principal amount of \$24,275,000 and premium on issuance of \$2,557,650) from the issuance were used to provide advance refunding on the crossover date of August 1, 2019, of the District's outstanding Election of 2006 General Obligation Bonds, Series B-1 in the amount of \$25,625,000. As of June 30, 2025, the principal balance outstanding was \$23,690,000, and unamortized premium on issuance was \$1,193,570.

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, 2025, the principal balance outstanding was \$21,995,000. Unamortized premium received on the issuance of the bonds amounted to \$663,708 as of June 30, 2025.

In April 2020, the District issued Election of 2006 Series F General Obligation Bonds in the amount of \$11,200,000. The bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. The bonds bear interest of 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045. At June 30, 2025, the principal balance outstanding was \$11,200,000. Unamortized premium received on the issuance of the bonds amounted to \$884,405 as of June 30, 2025.

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, 2025, the principal balance outstanding was \$12,835,000 and deferred amount on refunding was \$2,352,458.

In August 2024, the District issued the 2024 General Obligation Refunding Bonds in the amount of \$30,640,000. The bonds have a final maturity which occurs on August 1, 2030, with an interest rate of 5.00 percent. The refunding bonds were issued as current interest bonds. The net proceeds of \$33,248,601 (representing the principal amount of \$30,640,000 and premium on issuance of \$2,608,601) from the issuance were used to refund all remaining portion of the District's outstanding 2014 General Obligation Refunding Bonds. As of June 30, 2025, the principal balance outstanding was \$30,640,000. Unamortized premium on issuance of bonds and deferred amount on refunding were \$2,235,944 and \$2,494,826, respectively, as of June 30, 2025.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity

The 2012 Series C bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031-2035	1,176,969	13,948,129	15,125,098
2036-2040	-	23,834,193	23,834,193
2041-2045	16,146,370	47,514,771	63,661,141
2046-2048	12,871,692	31,492,228	44,363,920
Accretion	30,483,695	(30,483,695)	-
Total	\$ 60,678,726	\$ 86,305,626	\$ 146,984,352

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

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 524,925	\$ 524,925
2027	-	524,925	524,925
2028	-	524,925	524,925
2029	-	524,925	524,925
2030	-	524,925	524,925
2031-2035	-	2,624,625	2,624,625
2036-2039	13,515,000	1,209,888	14,724,888
Total	\$ 13,515,000	\$ 6,459,138	\$ 19,974,138

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity, continued

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

Fiscal Year	Principal	Interest	Total
2026	\$ 295,000	\$ 939,150	\$ 1,234,150
2027	300,000	927,250	1,227,250
2028	290,000	915,450	1,205,450
2029	-	909,650	909,650
2030	-	909,650	909,650
2031-2035	22,805,000	2,363,825	25,168,825
Total	\$ 23,690,000	\$ 6,964,975	\$ 30,654,975

The Series E bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 806,863	\$ 806,863
2027	-	806,863	806,863
2028	-	806,863	806,863
2029	335,000	798,488	1,133,488
2030	380,000	780,613	1,160,613
2031-2035	845,000	3,686,938	4,531,938
2036-2040	6,210,000	2,676,281	8,886,281
2041-2045	14,225,000	1,234,894	15,459,894
Total	\$ 21,995,000	\$ 11,597,803	\$ 33,592,803

The Series F bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 448,000	\$ 448,000
2027	-	448,000	448,000
2028	-	448,000	448,000
2029	-	448,000	448,000
2030	-	448,000	448,000
2031-2035	285,000	2,234,300	2,519,300
2036-2040	4,495,000	1,597,800	6,092,800
2041-2045	2,200,000	1,095,000	3,295,000
2046	4,220,000	84,400	4,304,400
Total	\$ 11,200,000	\$ 7,251,500	\$ 18,451,500

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

Debt Maturity, continued

The 2020 Refunding bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 412,004	\$ 412,004
2027	-	412,004	412,004
2028	-	412,004	412,004
2029	-	412,004	412,004
2030	-	412,004	412,004
2031-2035	590,000	2,050,548	2,640,548
2036-2040	12,245,000	1,327,175	13,572,175
Total	\$ 12,835,000	\$ 5,437,743	\$ 18,272,743

The 2024 Refunding Bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 4,015,000	\$ 1,416,731	\$ 5,431,731
2027	4,120,000	1,228,250	5,348,250
2028	4,710,000	1,007,500	5,717,500
2029	5,295,000	757,375	6,052,375
2030	5,925,000	476,875	6,401,875
2031	6,575,000	164,375	6,739,375
	\$ 30,640,000	\$ 5,051,106	\$ 35,691,106

Leases

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – LONG-TERM LIABILITIES, continued

Leases, continued

Future minimum lease payments on noncancellable leases at June 30, 2025 are as follows:

Fiscal year	Principal	Interest	Total
2026	\$ 325,512	\$ 5,191	\$ 330,703
Total	\$ 325,512	\$ 5,191	\$ 330,703

Future minimum lease payments on noncancellable software leases at June 30, 2025 are as follows:

Fiscal year	Principal	Interest	Total
2026	\$ 458,641	\$ 23,066	\$ 481,707
2027	363,339	11,650	374,989
2028	181,617	1,416	183,033
2029	50,374	723	51,097
2030	3,320	-	3,320
Total	\$ 1,057,291	\$ 36,855	\$ 1,094,146

Compensated Absences

The liability for compensated absences consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences was \$9,353,235.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYEMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2025, the District reported net OPEB liability/(asset) and OPEB expense/(benefit) for the following plan:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (2,752,521)	\$ 1,240,846	\$ 2,378,301	\$ (200,535)

Plan Description

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

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

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

Employees Covered

As of the June 30, 2024 actuarial valuation, the following Inactive and active employees were covered by the benefit terms under the OPEB Plan:

	Number of Participants
Inactive Employees Receiving Benefits	43
Active Employees	332
Total	375

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYEMENT BENEFITS (OPEB), continued

Benefits Provided

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

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

*Lifetime benefits provided to faculty hired before 7/1/93; and to confidential and management employees hired before 1/1/94. Benefits after 65 are limited to 2% of salary (increased 2% each year) except for certain retirees not

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

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the faculty union, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and the groups. For fiscal year 2024-25, the District's OPEB was fully funded and no contributions were made.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Plan Investment

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

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

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

Net OPEB Liability/(Asset) of the District

The District's net OPEB liability/(asset) of (\$2,752,521) was measured as of June 30, 2024, by an actuarial valuation as of June 30, 2024. The components of the net OPEB liability/(asset) as of the June 30, 2024 measurement date were as follows:

Total OPEB liability	\$ 7,719,979
Plan fiduciary net position	10,472,500
Net OPEB liability/(asset)	\$ (2,752,521)
 Plan fiduciary net position as a percentage of the total OPEB liability	 135.65%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYEMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2024
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.50%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 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, 2024, valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

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

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 9,152,226	\$ 9,524,754	\$ (372,528)
Changes for the year:			
Service cost	188,609	-	188,609
Interest	493,777	-	493,777
Employee contributions as benefit payments	-	537,536	(537,536)
Experience (gains)/losses	(1,513,886)	-	(1,513,886)
Changes of assumptions	(63,211)	-	(63,211)
Expected investment income	-	523,487	(523,487)
Investment gains/(losses)	-	437,885	(437,885)
Administrative expense	-	(13,626)	13,626
Expected benefit payments	(537,536)	(537,536)	-
Net change	(1,432,247)	947,746	(2,379,993)
Balance June 30, 2024	\$ 7,719,979	\$ 10,472,500	\$ (2,752,521)

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

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

	Current		
	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability/(asset)	\$ (2,142,297)	\$ (2,752,521)	\$ (3,302,682)

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

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

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	\$ (3,451,067)	\$ (2,752,521)	\$ (1,942,733)

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

For the year ended June 30, 2025, the District recognized OPEB expense/(benefit) of (\$200,535). At June 30, 2025, 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	\$ 259,330	\$ -
Differences between expected and actual experience	26,938	2,319,362
Change in assumptions	954,578	58,939
Total	<u>\$ 1,240,846</u>	<u>\$ 2,378,301</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 157,193
2027	154,665
2028	(207,723)
2029	(168,526)
2030	(80,994)
Thereafter	(992,070)
	<u>\$ (1,137,455)</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 14 – RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ended June 30, 2025, 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, 2025, 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 2024-25, the District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured for the first \$10,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 24,875,938	\$ 9,479,465	\$ 4,157,982	\$ 2,202,125
CalPERS	41,537,891	13,102,086	2,699,147	7,094,110
Total	\$ 66,413,829	\$ 22,581,551	\$ 6,857,129	\$ 9,296,235

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$5,243,990.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

At June 30, 2025, 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	\$ 24,875,938
State's proportionate share of the net pension liability associated with the District	<u>11,413,341</u>
Total	<u>\$ 36,289,279</u>

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.037 percent and 0.036 percent, respectively, resulting in a decrease in the proportionate share of 0.003 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$2,202,125. In addition, the District recognized pension expense and revenue of \$1,041,625 for support provided by the State. At June 30, 2025, 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	\$ -	\$ 101,632
Differences between expected and actual experience	2,814,106	1,088,498
Changes in assumptions	108,892	1,698,780
Net changes in proportionate share of net pension liability	1,312,477	1,269,072
District contributions subsequent to the measurement date	5,243,990	-
Total	<u>\$ 9,479,465</u>	<u>\$ 4,157,982</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (1,479,146)
2027	1,764,810
2028	(410,749)
2029	77,124
2030	247,468
Thereafter	(122,014)
Total	<u>\$ 77,493</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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-2021) table, issued by the Society of Actuaries.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	100%		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

Discount Rate

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Discount Rate, continued

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 44,246,153	\$ 24,875,938	\$ 8,701,004

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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 55 (or 62 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Benefits Provided, continued

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	7.000%
Required employee contribution rate	27.05%	27.05%
Required employer contribution rate		

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$6,769,786.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$41,537,891. The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.116 percent and 0.115 percent, respectively, resulting in a increase in the proportionate share of 0.001 percent.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

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

For the year ended June 30, 2025, the District recognized pension expense of \$7,094,110. At June 30, 2025, 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	\$ 1,613,507	\$ -
Differences between expected and actual experience	3,482,345	297,285
Changes in assumptions	918,128	-
Net changes in proportionate share of net pension liability	318,320	2,401,862
District contributions subsequent to the measurement date	6,769,786	-
Total	<u>\$ 13,102,086</u>	<u>\$ 2,699,147</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,204,285
2027	2,997,237
2028	(137,411)
2029	(430,958)
Total	<u>\$ 3,633,153</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

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

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

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

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

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 61,704,885	\$ 41,537,891	\$ 24,878,350

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,304,558. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Deferred Compensation

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

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

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

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

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

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

During the year ended June 30, 2025, the District made payments of \$631,193, \$6,808,680, and \$682,572 to BACCD, SISC III, and SIPE, respectively.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

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, 2025.

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
PCPA Sound System	70,236	Fall 2025
Team Buildings/Equipment Room	268,718	Fall 2025
Schd Maintenance/Fire Alarm Retrofit	94,662	Fall 2025
PSTC Restrooms	640,071	Fall 2025
HVAC Upgrade/Replacement	120,936	Summer 2025
Forefront Power Solar Project	55,436	Summer 2025
Facilities Yard	27,455	Summer 2026
Nursing Tech Facility	218,273	Fall 2027
Bldg K Modernization	6,710	TBD
Other Capital Projects	20,285	TBD
Total	<u>\$ 1,522,782</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, 2025

NOTE 18 – FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2025 are:

	Salaries and Benefits	Supplies, Material and Other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instruction	\$ 36,465,579	\$ 3,216,634	\$ -	\$ -	\$ 39,682,213
Instructional Administration	7,216,078	1,621,413	-	-	8,837,491
Instructional Support Services	2,494,841	341,268	-	-	2,836,109
Admissions and Records	1,036,759	20,367	-	-	1,057,126
Counseling and Guidance	5,752,701	538,777	-	-	6,291,478
Other Student Services	8,637,300	1,841,529	-	-	10,478,829
Operations and Maintenance	5,263,805	2,487,631	-	-	7,751,436
Planning and Policy Making	2,407,252	494,862	-	-	2,902,114
General Institutional Services	11,473,907	3,294,847	-	-	14,768,754
Community Services	1,221,324	529,474	-	-	1,750,798
Ancillary Services	5,134,734	1,772,813	-	-	6,907,547
Auxiliary Operations	4,568,165	1,048,239	-	-	5,616,404
Physical Property and Related Acquisitions	88,449	3,509,915	-	-	3,598,364
Transfers and Student Payments	-	-	28,790,441	-	28,790,441
Depreciation and Amortization	-	-	-	8,938,884	8,938,884
Total	\$ 91,760,894	\$ 20,717,769	\$ 28,790,441	\$ 8,938,884	\$ 150,207,988

NOTE 19 – PRIOR YEAR ADJUSTMENT

A prior year adjustment was made amounting to \$6,224,109 to correct prior year compensated absences from effect GASB Statement No.101. The impact on the beginning net position in the Primary Government financial statement is as follows:

Net Position - Beginning Balance, as previously reported at June 30, 2024	\$ 94,888,813
Prior year adjustment - GASB 101	(6,224,109)
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ 88,664,704</u>

NOTE 20 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through December 8, 2025, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 188,609	\$ 183,561	\$ 243,955	\$ 232,844
Interest	493,777	485,667	511,607	498,224
Experience gains/(losses)	(1,513,886)	31,285	(494,210)	115,033
Changes of assumptions	(63,211)	-	192,338	81,105
Benefit payments	(537,536)	(542,352)	(470,331)	(518,431)
Net change in total OPEB liability	(1,432,247)	158,161	(16,641)	408,775
Total OPEB liability, beginning of year	9,152,226	8,994,065	9,010,706	8,601,931
Total OPEB liability, end of year (a)	\$ 7,719,979	\$ 9,152,226	\$ 8,994,065	\$ 9,010,706
Plan fiduciary net position				
Employee contributions	\$ 537,536	\$ -	\$ 105,306	\$ 72,827
Expected investment income	523,487	500,613	621,904	550,369
Investment gains/(losses)	437,885	196,122	(1,811,959)	1,361,848
Administrative expense	(13,626)	(5,713)	(3,497)	(64,249)
Expected benefit payments	(537,536)	(542,352)	(600,979)	(518,431)
Change in plan fiduciary net position	947,746	148,670	(1,689,225)	1,402,364
Fiduciary trust net position, beginning of year	9,524,754	9,376,084	11,065,309	9,662,945
Fiduciary trust net position, end of year (b)	\$ 10,472,500	\$ 9,524,754	\$ 9,376,084	\$ 11,065,309
Net OPEB liability/(asset), ending (a) - (b)	\$ (2,752,521)	\$ (372,528)	\$ (382,019)	\$ (2,054,603)
Covered payroll	\$ 49,484,044	\$ 40,835,554	\$ 37,021,719	\$ 35,367,089
Plan fiduciary net position as a percentage of the total OPEB liability	135.65%	104.07%	104.25%	122.80%
Net OPEB liability/(asset) as a percentage of covered payroll	-5.56%	-0.91%	-1.03%	-5.81%

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	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
Experience gains/(losses)	(573,417)	(413,912)	-	-
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	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	\$ 35,367,089	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144
Plan fiduciary net position as a percentage of the total OPEB liability	112.33%	107.91%	115.62%	115.88%
Net OPEB liability/(asset) as a percentage of covered payroll	-3.00%	-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, 2025**

	2025	2024	2023	2022
Actuarially determined contribution	\$ 537,536	\$ 537,536	\$ 470,331	\$ 470,331
Contributions in relations to the actuarially determined contribution	-	-	-	542,352
Contribution deficiency/(excess)	\$ 537,536	\$ 537,536	\$ 470,331	\$ (72,021)
Covered-employee payroll	\$ 49,484,044	\$ 40,835,554	\$ 37,021,719	\$ 35,367,089
Contribution as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	1.53%
	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)	\$ (85,498)	\$ (73,221)	\$ 21,959	\$ (150,493)
Covered-employee payroll	\$ 35,367,089	\$ 38,492,439	\$ 36,602,688	\$ 34,993,144
Contribution as a percentage of covered-employee payroll	1.38%	1.57%	1.28%	1.78%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.037%	0.036%	0.039%	0.035%	0.037%
District's proportionate share of the net pension liability	\$ 24,875,938	\$ 27,152,230	\$ 27,018,945	\$ 15,829,773	\$ 35,763,719
State's proportionate share of the net pension liability associated with the District	11,413,341	13,009,632	13,531,166	7,965,093	18,436,052
Total	\$ 36,289,279	\$ 40,161,862	\$ 40,550,111	\$ 23,794,866	\$ 54,199,771
District's covered-employee payroll	\$ 24,116,157	\$ 22,994,435	\$ 21,811,082	\$ 19,907,814	\$ 19,537,038
District's proportionate share of the net pension liability as percentage of covered-employee payroll	103%	118%	124%	80%	183%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	87%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.116%	0.115%	0.126%	0.131%	0.121%
District's proportionate share of the net pension liability	\$ 41,537,891	\$ 41,591,599	\$ 43,298,829	\$ 26,555,151	\$ 37,229,655
District's covered-employee payroll	\$ 22,926,357	\$ 19,894,545	\$ 19,284,326	\$ 18,742,527	\$ 17,468,389
District's proportionate share of the net pension liability as percentage of covered-employee payroll	181%	209%	225%	142%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	81%	81%	70%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.037%	0.038%	0.038%	0.040%	0.045%
District's proportionate share of the net pension liability	\$ 33,416,920	\$ 34,542,841	\$ 34,975,009	\$ 31,984,006	\$ 29,940,012
State's proportionate share of the net pension liability associated with the District	18,231,308	19,777,392	20,690,920	18,207,924	15,834,966
Total	\$ 51,648,228	\$ 54,320,233	\$ 55,665,929	\$ 50,191,930	\$ 45,774,978
District's covered-employee payroll	\$ 19,921,437	\$ 19,665,696	\$ 19,266,447	\$ 18,337,484	\$ 17,842,340
District's proportionate share of the net pension liability as percentage of covered-employee payroll	168%	176%	182%	174%	168%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.118%	0.115%	0.111%	0.112%	0.113%
District's proportionate share of the net pension liability	\$ 34,283,498	\$ 30,705,677	\$ 26,558,153	\$ 22,165,339	\$ 16,580,009
District's covered-employee payroll	\$ 16,295,266	\$ 15,172,990	\$ 14,190,330	\$ 13,457,508	\$ 13,894,147
District's proportionate share of the net pension liability as percentage of covered-employee payroll	210%	202%	187%	165%	119%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 5,243,990	\$ 4,606,186	\$ 4,391,937	\$ 3,690,435	\$ 3,215,112
District's contributions in relation to the statutorily required contribution	5,243,990	4,606,186	4,391,937	3,690,435	3,215,112
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 27,455,445	\$ 24,116,157	\$ 22,994,435	\$ 21,811,082	\$ 19,907,814
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 6,769,786	\$ 6,116,752	\$ 5,047,246	\$ 4,418,039	\$ 3,879,703
District's contributions in relation to the statutorily required contribution	6,769,786	6,116,752	5,047,246	4,418,039	3,879,703
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,026,935	\$ 22,926,357	\$ 19,894,545	\$ 19,284,326	\$ 18,742,527
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,542,065	\$ 3,243,210	\$ 2,837,760	\$ 2,423,719	\$ 1,967,612
District's contributions in relation to the statutorily required contribution	3,542,065	3,243,210	2,837,760	2,423,719	1,967,612
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,537,038	\$ 19,921,437	\$ 19,665,696	\$ 19,266,447	\$ 18,337,484
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.43%	12.58%	10.73%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,444,941	\$ 2,943,251	\$ 2,356,517	\$ 1,970,753	\$ 1,594,311
District's contributions in relation to the statutorily required contribution	3,444,941	2,943,251	2,356,517	1,970,753	1,594,311
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,468,389	\$ 16,295,266	\$ 15,172,990	\$ 14,190,330	\$ 13,457,508
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

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

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms – The required contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS. There were no changes in benefit terms since the previous valuations for CalSTRS.

Changes of Assumptions – Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in economic assumptions for CalPERS from the previous valuations.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2025**

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

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

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Hilda Zacarias	President	2028
Suzanne Levy, Ed.D.	Vice President	2028
Gregory A. Pensa	Member	2026
Kenneth Ostini	Member	2028
Alejandra Enciso	Member	2026
Ora Shrecengost	Student Trustee	2025

ADMINISTRATION

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

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Allan Hancock College Foundation	Jon Hooten, Ph. D. <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, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268	[1]	\$ 539,475
Federal Pell Grant Program	84.063	[1]	17,250,439
Federal Pell Grant Program Administrative Allowance	84.063	[1]	33,545
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	[1]	329,965
Federal Supplemental Educational Opportunity Grants Administrative Allowance	84.007	[1]	6,225
Federal Work-Study Program	84.033	[1]	299,711
Federal Work-Study Program Administrative Allowance	84.033	[1]	25,443
Total Student Financial Aid Cluster			18,484,803
TRIO Cluster			
TRIO-Student Support Services	84.042A	P042A200930	323,093
Total TRIO Cluster			323,093
Title V - Developing Hispanic Serving Institutions (DHSI)	84.031S	P031S200031	615,246
Transitioning Gang-Involved Youth into Higher Education (TGIY)	84.116Y	P116Y220001	324,361
Discretionary Awards - Nursing Facility Expansion Planning	84.116Z	P116Z240009	114,313
Child Care Access Means Parents In School (CCAMPIS)	84.335A	P335A210109	103,263
<i>Passed through the California Community Colleges Chancellor's Office</i>			
Career and Technical Education Act (Perkins Title I-C)	84.048A	20-C01-610	665,066
Total U.S. Department of Education			20,630,145
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through California Department of Education</i>			
Child and Adult Care Food Program	10.588	04380-CACFP-42-CC-IC	64,066
<i>Passed through California Department of Social Services</i>			
Passed through Chico State Enterprises	10.561	A22-0055-S008	49,415
<i>Passed through Santa Barbara County Education Office</i>			
Forest Reserve	10.665	[1]	6,884
Total U.S. Department of Agriculture			120,365
U.S. DEPARTMENT OF FINANCE			
<i>Passed through Americorps/Cal Poly Corporation</i>			
Coronavirus State and Local Fiscal Recovery - Coastal California Civic Leadership Consortium: A Californians For All College Fellowship Program - Non-Dreamers	21.027	2022-20-47898	87,554
Total U.S. Department of Finance			87,554
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the California Community College's Chancellor's Office</i>			
Temporary Assistance for Needy Families (TANF)	93.588	[1]	56,130
Foster and Kinship Care Education Program (FKCE)	93.658	[1]	26,655
Total TANF Cluster			82,785
<i>Passed through California Department of Education</i>			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	25136	176,385
Coronavirus Response & Relief Supplemental Support Act (CRRSAA) - COVID-19 AB82	93.575	[1]	21,417
CDE ARPA COVID-19 AB131	93.575	15640	3,383
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	24568	13,541
Total Child Care and Development Fund (CCDF) Cluster			214,726
Total U.S. Department of Health and Human Services			297,511
Balance Forward			\$ 21,135,575

[1] 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, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Balance Brought Forward			\$ 21,135,575
NATIONAL SCIENCE FOUNDATION			
STEM Education - NSF LSAMP B2B Alliance	47.076	2110112	333,215
Total National Science Foundation			<u>333,215</u>
NATIONAL INSTITUTES OF HEALTH (NIH)			
Passed through the Cal Poly Corporation			
Biomedical Research and Research Training - Bridges to the Baccalaureate at Cal Poly	93.859	2025-16-45678	27,596
Total National Institutes of Health			<u>27,596</u>
U.S. DEPARTMENT OF LABOR, EMPLOYMENT and TRAINING ADMINISTRATION			
Passed through the County of Santa Barbara Department of Social Services			
Reentry Employment Opportunities - Pathway Home 2	17.270	CN8161	57,001
Total U.S. Department of Labor, Employment and Training Administration			<u>57,001</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through the Cal OES (Governor's Office of Emergency Services)			
State and Local Cybersecurity Grant Program (SLCGP)	97.137	[1]	42,705
Total U.S. Department of Homeland Security			<u>42,705</u>
Total Federal Programs			<u>\$ 21,596,092</u>
AMOUNTS PROVIDED TO SUBRECIPIENTS			
NSF LSAMP B2B Alliance	47.076	[1]	
Cabrillo Community College District		NSFC6-01	\$ 22,701
Monterey Peninsula College		NSFC6-03	24,787
Moorpark College		NFSC6-04	63,369
Oxnard College		NSFC6-05	28,483
San Luis Obispo County Community College District		NSFC6-02	39,468
Santa Barbara City College		NSFC6-06	22,016
Ventura College		NSFC6-07	65,095
Total Amounts Provided to Subrecipients			<u>\$ 265,919</u>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Program	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable/(Payable)	Unearned Revenue	Total Revenue	
Adult Education Block Grant (AB104)	\$ 859,839	\$ -	\$ 87,575	\$ 1,697,348	\$ 1,697,348
Cal-SOAP Grant	528,084	-	-	425,714	425,714
Cal Grants - Financial Aid	1,706,165	(3,867)	-	1,702,298	1,702,298
CALeVIP - South Central Coast Incentive Project	21,000	(68)	-	-	-
California Chafee Grant - Financial Aid	10,000	-	-	10,000	10,000
California College Promise (AB19)	410,160	-	254,848	447,166	447,166
California Family PACT	750	-	-	750	750
CCCCO Basic Needs Centers	357,837	-	539,734	254,672	254,672
CCCCO CalWORKs	372,244	-	23,286	374,248	374,248
CCCCO CA Apprenticeship Initiative (CAI)	96,000	-	49,597	46,403	46,403
CCCCO Common Course Numbering System	913,043	-	870,315	42,728	42,728
CCCCO Cooperative Agencies Resources for Education (CARE)	537,116	-	10,432	663,820	663,820
CCCCO COVID-19 Recovery Block Grant	-	-	4,290,823	320,897	320,897
CCCCO Disabled Student Program & Services	1,414,633	-	23,810	1,438,828	1,438,828
CCCCO EEO Best Practices	100,000	-	163,145	193,727	193,727
CCCCO Emergency Financial Assistance Supplemental	-	-	10,671	223,630	223,630
CCCCO EOPS	1,918,355	-	1,177,228	1,556,488	1,556,488
CCCCO Equal Employment Opportunity	136,986	-	230,156	132,758	132,758
CCCCO Equitable Placement & Completion Grant Program	-	-	88,993	222,878	222,878
CCCCO Financial Aid Technology	50,851	-	29,704	22,096	22,096
CCCCO Foster Care Education	65,235	-	13,094	59,315	59,315
CCCCO Guided Pathways Yr6	-	-	27,260	172,061	172,061
CCCCO Hire UP	1,320,000	-	805,642	1,834,358	1,834,358
CCCCO LGBTQ+	83,622	-	149,995	50,576	50,576
CCCCO Local & Systemwide Tech & Data Security	175,000	-	557,521	486,574	486,574
CCCCO Mental Health Program	275,993	-	198,277	354,256	354,256
CCCCO NEXTUP	364,953	-	104,498	366,343	366,343
CCCCO Nursing Education	192,132	-	178,085	119,514	119,514
CCCCO SB85 CalFresh Outreach	-	-	6,480	366	366
CCCCO SB85 Early Action Emergency Aid	(376,707)	-	-	5,874	5,874
CCCCO Retention & Enrollment Outreach (incl SB85)	-	-	15,456	448,161	448,161
CCCCO SFRF Emergency Financial Assistance	-	-	-	8,351	8,351
CCCCO Strong Workforce (Local) Round 7	1,128,760	-	1,025,239	1,870,122	1,870,122
CCCCO Student Equity and Achievement (SEAP)	4,196,436	-	21,043	4,377,421	4,377,421
CCCCO Student Financial Aid Administration (SFAA)	453,473	-	-	474,727	474,727
CCCCO Student Financial Aid Administration (SFAA) One-Time	160,169	-	24,629	135,540	135,540
CCCCO Student Food and Housing Support	-	-	144,621	359,724	359,724
CCCCO Student Housing (Planning)	-	-	138,457	1,770	1,770
CCCCO Student Success Completion (SSG)	2,465,906	-	151,925	2,294,271	2,294,271
CCCCO Student Transfer Achievement Reform	-	-	327,162	238,055	238,055
CCCCO Transfer Ed & Articulation - Seamless Transfer	-	-	41,674	7,021	7,021
CCCCO Undocumented Resources Liaisons	101,176	-	116,469	113,244	113,244
CCCCO Veterans Resource Center	76,924	-	40,355	122,453	122,453
CCCCO Zero Textbook Cost Program	920,000	-	1,085,021	45,937	45,937
CDE CA State Preschool Program (CSPP)	397,674	6,674	-	404,348	352,924
CDE CSPP Cost of Care Plus	69,648	-	121,488	-	-
CDE CSPP One-Time	-	-	5,797	203	203
CDE CSPP Supplemental (AB1885)	-	-	6,440	40,008	40,008
CDE CSPP Temporary Increase (AB110)	-	-	47,088	25,737	25,737
CDE SB89 COVID-19 CSPP Grant (Lompoc)	-	-	-	260	1,185
CDE SB89 COVID-19 CSPP Grant (Santa Maria)	-	-	-	1,020	4,742
CDSS CCTR Care Plus Grant (SB140)	17,760	-	80,274	1,430	1,430
CDSS CCTR Supplemental Stipend	-	-	8,893	7,258	14,418
Central Coast K16 Regional Collab (CCRC)	-	14,356	-	14,356	14,356
Child and Adult Care Food Program (CACFP)	2,884	557	501	2,972	2,972
Child Center Care General/Title V	544,848	33,701	-	533,769	533,769
Child Development Training Consortium	20,378	-	-	13,800	13,800
Coastal California Civic Leadership (#CA4All) Non-Dreamers	161,114	337,141	-	498,255	498,255
Coastal California Civic Leadership (#CA4All) Dreamers	72,054	57,751	-	109,219	109,219
CTE Data Unlocked SubAgreee RSC	-	-	8,954	-	-
Mathematics, Engineering, Science Achievement (MESA)	419,393	-	688,377	378,070	378,070
Mechanics of Inclusion Yr3	13,382	-	-	-	-
Rising Scholars Juvenile Justice	625,000	-	875,767	44,687	44,687
Rising Scholars Network Grant	154,800	17,200	102,880	199,226	199,226
Puente Project	100,000	-	157,482	41,729	41,729
Reg Collab & Coord Economic Workforce Dev (EWD)	144,409	43,323	89,923	337,994	337,994
Regional Equity & Recovery Partnership (RERP)	36,412	18,206	38,933	39,004	39,004
Santa Barbara County Children's Ctr Grants	-	-	-	69	69
Santa Barbara County First Five Grant	-	-	2,000	-	-
Santa Barbara QRIS Grant	31,229	-	39,327	32,803	32,803
Strong Workforce (Regional)	696,343	-	588,724	703,205	703,205
Total Expenditures of State Awards	\$ 24,543,463	\$ 524,974	\$ 15,886,068	\$ 27,151,905	\$ 27,112,288

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	98.90	-	98.90
2. Credit	74.62	-	74.62
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	2.73	-	2.73
2. Credit	726.53	-	726.53
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3588.88	-	3588.88
(b) Daily Census Contact Hours	733.28	-	733.28
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	561.72	-	561.72
(b) Credit	708.83	-	708.83
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1303.63	-	1303.63
(b) Daily Census Procedure Courses	688.87	-	688.87
(c) Noncredit Independent Study/Distance Education Courses	0.00	-	0.00
D. Total FTES	8,487.99	-	8,487.99
Supplemental Information (subset of above information)			
E. In-service Training Courses	7.96	-	7.96
F. Basic Skills Courses and Immigrant Education			
1. Credit	19.95	-	19.95
2. Noncredit	729.42	-	729.42
Total Basic Skills FTES	749.37	-	749.37
CCFS 320 Addendum			
CDCP Noncredit FTES	267.05	-	267.05
Centers FTES			
1. Credit	1,256.27	-	1,256.27
2. Noncredit	36.73	-	36.73
Total Centers FTES	1,293.00	-	1,293.00

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

	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	\$ 12,280,401	\$ -	\$ 12,280,401	\$ 12,280,401	\$ -	\$ 12,280,401
Other	1300	10,173,717	-	10,173,717	10,189,791	-	10,189,791
Total Instructional Salaries		22,454,118	-	22,454,118	22,470,192	-	22,470,192
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	6,254,062	-	6,254,062
Other	1400	-	-	-	1,107,748	-	1,107,748
Total Non-Instructional Salaries		-	-	-	7,361,810	-	7,361,810
Total Academic Salaries		22,454,118	-	22,454,118	29,832,002	-	29,832,002
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	12,846,494	-	12,846,494
Other	2300	-	-	-	643,438	-	643,438
Total Non-Instructional Salaries		-	-	-	13,489,932	-	13,489,932
Instructional Aides							
Regular Status	2200	1,295,589	-	1,295,589	1,345,415	-	1,345,415
Other	2400	586,493	-	586,493	593,587	-	593,587
Total Instructional Aides		1,882,082	-	1,882,082	1,939,002	-	1,939,002
Total Classified Salaries		1,882,082	-	1,882,082	15,428,934	-	15,428,934
Employee Benefits	3000	7,648,219	-	7,648,219	16,199,453	-	16,199,453
Supplies and Materials	4000	-	-	-	1,209,217	-	1,209,217
Other Operating Expenses	5000	977,339	-	977,339	5,791,687	-	5,791,687
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		32,961,758	-	32,961,758	68,461,293	-	68,461,293
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	421,860	-	421,860	421,860	-	421,860
Std. Health Svcs. Above Amount Collected	6441	-	-	-	133,476	-	133,476
Student Transportation	6491	-	-	-	595,982	-	595,982
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	150,743	-	150,743
Object to Exclude							
Rents and Leases	5060	-	-	-	568,136	-	568,136
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	229,031	-	229,031
Non-inst. Supplies & Materials	4400	-	-	-	829,252	-	829,252
Total Supplies and Materials		-	-	-	1,058,283	-	1,058,283
Other Operating Expenses and Services	5000	-	-	-	472,453	-	472,453
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 421,860	\$ -	\$ 421,860	\$ 3,400,933	\$ -	\$ 3,400,933
Total for ECS 84362, 50% Law		\$ 32,539,898	\$ -	\$ 32,539,898	\$ 65,060,360	\$ -	\$ 65,060,360
Percent of CEE (Instructional Salary Cost/Total CEE)		50.01%	0.00%	50.01%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 32,530,180	\$ -	\$ 32,530,180

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 10,766,284
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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	\$ 10,766,284	\$ -	\$ -	\$ 10,766,284
Total		\$ 10,766,284	\$ -	\$ -	\$ 10,766,284

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Total Fund Balance - District Funds Included in the Reporting Entity:		
General Fund	\$ 45,494,094	
Debt Service Fund	12,608,317	
Child Development Fund	732,147	
Internal Service Funds	2,914,131	
PCPA Fund	4,008,884	
Capital Projects Funds	18,012,089	
Student Financial Aid Fund	22,053	
Other Funds	541,099	\$ 84,332,814
	<hr/>	
Assets recorded within the statement of net position not included in the fund financial statements:		
Capital assets	350,754,009	
Right-to-use assets	4,668,259	
Accumulated depreciation and amortization	(109,628,372)	245,793,896
	<hr/>	
Net OPEB Asset		2,752,521
Unmatured Interest		(1,932,938)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		5,169,007
Deferred outflows related to OPEB		1,240,846
Deferred outflows related to pensions		22,581,551
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
General obligation bonds	174,553,726	
Unamortized bond premium	5,687,450	
Lease liability	325,512	
Software lease liability	1,057,291	
Compensated absences	8,660,502	
Net pension liability	66,413,829	(256,698,310)
	<hr/>	
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred gain on refunding		(2,993,791)
Deferred inflows related to OPEB		(2,378,301)
Deferred inflows related to pensions		(6,857,129)
		<hr/>
Net Position Reported Within the Statement of Net Position		\$ 91,010,166
		<hr/>

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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, 2025.

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2025, was conducted in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

- **General** – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- **Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.
- **Indirect Cost Rate** – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- **Subrecipients** – The District provided federal awards to subrecipients during the year ended June 30, 2025 amounting to \$265,919.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

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

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

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

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to Net Position

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of Allan Hancock Joint Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
December 8, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allan Hancock Joint Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2025. The District's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 8, 2025



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

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

Report on State Compliance

Opinion

We have audited Allan Hancock Joint Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2025. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 8, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</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, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	<u>No</u>
Identification of major programs:	

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

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 reported</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, 2025**

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 2024-25.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2024-25.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2024-25.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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