

NEW ISSUE – BOOK ENTRY ONLY

RATING: Moody's: "Aa1"  
(See "RATING" herein.)

*In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.*

\$100,000,000\*

**CITRUS COMMUNITY COLLEGE DISTRICT  
(Los Angeles County, California)  
GENERAL OBLIGATION BONDS  
2020 ELECTION, 2024 SERIES B**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside cover.**

The General Obligation Bonds, 2020 Election, 2024 Series B (the "Bonds") of the Citrus Community College District, a California community college district (the "District"), were authorized at a bond election conducted in the District on November 3, 2020 (the "Election"), at which more than 55% of the voters within the District voting on the measure voted to approve the issuance by the District of up to \$298,000,000 aggregate principal amount of the District's general obligation bonds (the "Authorization"). The Bonds are being issued by the District (i) to finance the acquisition, construction, improvement, furnishing and equipping of certain District facilities included on the project list approved by the voters under the Authorization (the "Projects"), (ii) to fund the payment of capitalized interest on the Bonds and (iii) to pay costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE." The Bonds are the second series of bonds to be issued under the Authorization, following which \$148,000,000\* of general obligation bonds remain to be issued by the District.

The Bonds will be issued in denominations of \$5,000 or integral multiples thereof and are payable as to principal amount or redemption price at the office of U.S. Bank Trust Company, National Association, Los Angeles, California, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent for the Bonds (the "Paying Agent").

The Bonds are being issued in the form of current interest bonds, with interest payable semiannually on each February 1 and August 1, commencing February 1, 2025.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System."

**The Bonds are subject to optional redemption prior to maturity as described herein.\* See "THE BONDS – Redemption."**

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest and premium, if any, on each Bond as the same become due and payable.

**MATURITY SCHEDULE  
On Inside Cover**

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Nixon Peabody LLP, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be available through the facilities of DTC on or about \_\_\_\_\_, 2024.

**RAYMOND JAMES**

Dated: \_\_\_\_\_, 2024

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE**

**\$100,000,000\***  
**CITRUS COMMUNITY COLLEGE DISTRICT**  
**(Los Angeles County, California)**  
**GENERAL OBLIGATION BONDS**  
**2020 ELECTION, 2024 SERIES B**

<u><i>Maturity Date</i></u>	<u><i>Principal Amount</i></u>	<u><i>Interest Rate</i></u>	<u><i>Yield</i></u>	<u><i>CUSIP (17741R)†</i></u>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ Yield: \_\_\_\_\_ %; CUSIP†: \_\_\_\_\_

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\* Preliminary, subject to change.

(c) Yield to call at par on August 1, 20\_\_.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Citrus Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the District that has been deemed final by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

The District maintains a website and certain social media accounts. However, the information presented thereon is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Los Angeles County, State of California**

**District Board of Trustees**

Dr. Anthony Contreras, President  
Ms. Cheryl Alexander, Vice President  
Ms. Mary Ann Lutz, Clerk/Secretary  
Dr. Patricia A. Rasmussen, Member  
Ms. Laura J. Bollinger, Member  
Mr. Jonathan Johnson, Student Trustee

**District Administrators**

Greg Schulz, Ed.D., Superintendent/President  
Ms. Claudette E. Dain, C.P.A., Vice President, Finance and Administrative Services  
Mr. Wade W. Ellis, Illinois C.P.A., Director of Fiscal Services

**SPECIAL SERVICES**

**Underwriter**

Raymond James & Associates, Inc.  
San Clemente, California

**Bond Counsel and Disclosure Counsel**

Nixon Peabody LLP  
San Francisco, California

**Municipal Advisor**

KNN Public Finance, LLC  
Berkeley, California

**Paying Agent**

U.S. Bank Trust Company, National Association, as agent of the  
Treasurer and Tax Collector of the County of Los Angeles  
Los Angeles, California

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**\$100,000,000\***  
**CITRUS COMMUNITY COLLEGE DISTRICT**  
**(Los Angeles County, California)**  
**GENERAL OBLIGATION BONDS**  
**2020 ELECTION, 2024 SERIES B**

**INTRODUCTION**

The Citrus Community College District (the “District”), a community college district of the State of California (the “State”) proposes to issue \$100,000,000\* aggregate principal amount of its General Obligation Bonds, 2020 Election, 2024 Series B (the “Bonds”), pursuant to the provisions of, collectively, (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended; (ii) applicable provisions of the Education Code of the State, as amended; and (iii) Article XIII A of the California Constitution (the “Authorizing Law”) and other applicable laws and regulations of the State. The Bonds were authorized pursuant to an authorization received from the District’s voters at an election conducted on November 3, 2020, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance of \$298,000,000 principal amount of general obligation bonds of the District (the “Authorization”), and a resolution adopted by the Board of Trustees of the District (the “Board”) on June 18, 2024 (the “Resolution”), to (1) finance the acquisition, construction, improvement, furnishing and equipping of certain District facilities included on the project list approved by the voters under the Authorization (the “Projects”), (2) fund the payment of capitalized interest on the Bonds and (3) pay costs of issuance of the Bonds. See the caption “PLAN OF FINANCE” herein. The Bonds are the second series of general obligation bonds under the Authorization.

The District was founded in 1961 (from 1915 to 1961, Citrus College was operated by the Citrus Union High School District). The District is located in Glendora, California, in the foothills of the San Gabriel Mountains and serves the communities of Azusa, Bradbury, Claremont, Duarte, Glendora and Monrovia. The District serves an area of 272 square miles of southeastern Los Angeles County (the “County”). The District currently operates Citrus College, which occupies a 104-acre campus with more than 60 buildings.

In fiscal year 2023-24, the District is serving an estimated 9,095 full-time equivalent credit students (“FTES”) and 261 full-time equivalent noncredit students for a total of 9,356 FTES. The District’s FTES total for fiscal year 2022-23 was approximately 8,960 and its FTES total for fiscal year 2021-22 was approximately 8,665. The total assessed valuation for property within the District’s boundaries for fiscal year 2023-24 is \$38,142,227,382. The District has direct and overlapping bonded indebtedness as set forth under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt.” The District’s audited financial statements for the fiscal year ended June 30, 2023, are attached hereto as APPENDIX C.

For further information concerning the District, see APPENDIX A – “CITRUS COMMUNITY COLLEGE DISTRICT” herein.

**THE BONDS**

**Authority for Issuance and Security for the Bonds**

The Bonds are general obligations of the District payable from the proceeds of *ad valorem* property taxes levied on all the taxable property within the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

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\* Preliminary, subject to change.

At an election held on November 3, 2020, the District submitted for voter approval a bond measure known as Measure Y to authorize the District to issue up to \$298 million of general obligation bonds. The measure was approved by more than 55% of the eligible voters in the District. The Bonds represent the second series of bonds issued under the Authorization. It is anticipated that following the issuance of the Bonds, the District will have approximately \$148,000,000\* additional amount of remaining authorized and unissued bonds under the Authorization.

The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property, which is taxable at limited rates), for the payment of principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

### **Purpose of Issue**

The proceeds of the sale of the Bonds will be used to (i) finance the acquisition, construction, improvement, furnishing and equipping of certain District facilities as permitted in the project list of the District approved under the Authorization, (ii) fund the payment of capitalized interest on the Bonds and (iii) pay the related costs of issuance of the Bonds. See “PLAN OF FINANCE” herein.

### **Description of the Bonds**

The Bonds will be issued in the form of current interest bonds in authorized denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on the dates and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page of this Official Statement.

Interest on the Bonds will be payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on February 1, 2025, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is a day during the period from the sixteenth day of the month next preceding any Interest Payment Date to such Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to January 15, 2025, in which event it shall bear interest from the delivery date of the Bonds, provided, however, that if as of the date of authentication of any Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined in APPENDIX E herein) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal amount of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same-day funds by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”) appointed by the Treasurer and Tax Collector of the County of Los Angeles (the “Treasurer”), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined in APPENDIX E herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” herein.

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\* Preliminary, subject to change.



**Estimated Sources and Uses of Funds**

The estimated sources and uses of funds in connection with the Bonds are as follows:

<i>Sources of Funds</i>	
Principal Amount of Bonds	\$
Net Original Issue Premium/Discount	
Total Sources	
 <i>Uses of Funds</i>	
Deposit to Building Fund	
Costs of Issuance <sup>(1)</sup>	
Total Uses	

<sup>(1)</sup> Costs of issuance include, but are not limited to, Underwriter’s discount, printing and rating costs and fees, fees and expenses of the Paying Agent, Municipal Advisor, Bond and Disclosure Counsel and other costs of issuance.

**Redemption\***

***Optional Redemption***

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their maturity dates. The Bonds maturing on and after August 1, 20\_\_, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 20\_\_, at par, together with interest accrued thereon to the date of redemption, without premium.

***Mandatory Sinking Fund Redemption.***

The Bonds maturing on August 1, 20\_\_ (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

<b>Mandatory Sinking Fund Payment Date</b>	<b>Mandatory Sinking Fund Payment</b>
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<sup>(1)</sup> Maturity.

In the event that a Term Bond is optionally redeemed, the Principal Amount of each remaining sinking fund payment with respect to such Term Bond will be reduced as directed by the District in the aggregate principal amount equal to the amount so redeemed.

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\* Preliminary, subject to change.

## **Selection of Bonds for Redemption**

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

## **Notice of Redemption**

When redemption is authorized or required pursuant to the Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District given at least 30 days prior to the date designated for such redemption, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (i) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and (ii) that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

- (1) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register and to the MSRB.
- (2) In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (a) first-class mail, postage prepaid, (b) telephonically confirmed facsimile transmission, or (c) overnight delivery service, to each of the Securities Depositories and the MSRB.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice given under the Resolution may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Information Services in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

### **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor, maturity and interest rates and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

### **Effect of Notice of Redemption**

Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution, together with interest to such redemption date, shall be held by the Paying Agent, in trust, so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Resolution shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

### **Transfer and Exchange**

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount and transferred upon the bond register upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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## Debt Service Schedule

The following table summarizes the debt service requirements of the District for all of its outstanding general obligation bonds (the “Prior Bonds”) and the Bonds:

Bond Year Ending (August 1)	Prior Bonds Debt Service	The Bonds		Aggregate Debt Service
		Principal	Interest	
2025	\$ 10,324,399.96			
2026	10,681,521.20			
2027	11,128,110.20			
2028	11,341,229.30			
2029	11,752,618.00			
2030	12,202,638.80			
2031	12,727,013.20			
2032	13,369,149.20			
2033	7,454,150.00			
2034	7,978,150.00			
2035	1,528,750.00			
2036	1,582,250.00			
2037	1,639,250.00			
2038	1,694,650.00			
2039	1,756,812.50			
2040	1,817,062.50			
2041	1,878,537.50			
2042	2,077,875.00			
2043	2,112,375.00			
2044	2,264,875.00			
2045	2,307,375.00			
2046	2,357,500.00			
2047	–			
2048	–			
2049	–			
Total	<u>\$131,976,292.36</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

## Discharge and Defeasance

If any or all outstanding Bonds shall be paid and discharged in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds, and when the same become due and payable;
- (b) by depositing with the Paying Agent or with a duly appointed escrow agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein other than amounts that are not available to pay Debt Service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or
- (c) by depositing in escrow with an institution that meets the requirements of serving as successor Paying Agent selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United

States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

### **Book-Entry Only System**

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof and will mature on the dates and in the principal amounts and bear interest at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto.

### **PLAN OF FINANCE**

The net proceeds of the Bonds will be used to finance the acquisition, construction, improvement, furnishing and equipping of certain District facilities as approved by the voters of the District pursuant to the Authorization, to fund the Debt Service Fund for the Bonds and to pay certain costs of issuance of the Bonds. Prior to the Authorization, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds (the “Project List”). The following description includes elements of the Project List applicable to the Bonds; not all projects included on the Project List will be financed with the proceeds of the Bonds.

- ***Construction, Repair and Upgrade of College Facilities, Technology and Online Improvements:***

Constructing, furnishing and equipping a new STEM (Science, Technology, Engineering and Mathematics) Center, replacing three existing buildings and the related infrastructure in order to support a viable STEM facility and a new CTE (Career and Technical Education) Center; replacement of the existing library facilities and construction, furnishing and equipping of a Library and Learning Resources Center; reconstruction and upgrading of the Citrus College stadium and associated facilities; constructing, furnishing and equipping a Student Union and Dining Hall which may include food service facilities, a student-centric bookstore, and facilities to accommodate student government and other leadership activities; constructing, furnishing and equipping a new Veterans Success Center as part of a new classroom building; construction, improvements and removal of existing architectural barriers to comply with Federal and building code-mandated ADA accessibility requirements, including constructing access ramps, path-of-travel enhancements, curb-outs and approaches, handrails, operable door ingress and

egress, vision-impaired access and signage, hearing-impaired attenuation and enhancements and elimination of other barriers that impede or are otherwise non-ADA-compliant; replace and add electrical service capacity; repair, upgrade and replace sanitary sewer, potable water, natural gas, stormwater, plumbing, landscaping, illumination, heating, ventilating and air-conditioning systems and electrical systems, and; upgrade roadways, thoroughfares, ingress and egress and pedestrian pathways/walkways and improve landscaping and grounds.

- ***Health, Earthquake and Student Safety and Security:***

Install new and update existing monitoring-based security systems; remove or abate asbestos-containing materials, lead-based paint, polychlorinated biphenyls (PCB's), mold or water-damaged building systems and other hazardous materials; upgrade emergency communication systems; make seismic improvements to existing buildings, as needed; upgrade fire alarm systems to current building code/fire code requirements and repair and replace fire safety equipment, and; replace/upgrade existing signage to meet ADA requirements, replace/upgrade bells and annunciation systems and replace/upgrade clocks.

- ***District-Wide Wiring and Instructional Technology:***

Provide improved, upgraded and updated computer labs; provide and maintain upgraded technology, data infrastructure and communication equipment; upgrade and expand wireless systems, telecommunications and internet access; upgrade and replace computers, hardware and software systems; upgrade and replace classroom furniture, equipment and instructional aids; upgrade media and audio/visual equipment, and; expand bandwidth to allow students greater access to the internet.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Bonds are general obligations of the District only and are not obligations of the County, the State or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of principal of and interest on the Bonds. The Board of Supervisors of the County approved a resolution confirming the levy of such taxes with respect to the Bonds on July 9, 2024.

### **Assessed Valuations**

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Economic and other factors beyond the District’s control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, toxic dumping, *etc.*, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District’s outstanding general obligation bonds, including the Bonds.

For fiscal year 2023-24, the total assessed valuation of property within the District’s boundaries is \$38,142,227,382. Shown in the following tables are the assessed valuations of property within the District for the current and past four fiscal years and the land use and single-family homes in the District and the twenty largest secured taxpayers in the District for fiscal year 2023-24.

**CITRUS COMMUNITY COLLEGE DISTRICT  
Summary of Assessed Valuations  
Fiscal Years 2019-20 Through 2023-24**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2019-20	\$30,186,233,913	\$8,570,787	\$774,492,070	\$30,969,296,770
2020-21	31,568,211,623	9,399,380	816,622,120	32,394,233,123
2021-22	32,438,523,708	9,255,630	910,091,775	33,357,871,113
2022-23	34,912,867,011	9,255,630	1,173,099,230	36,095,221,871
2023-24	36,787,543,605	9,255,630	1,345,428,147	38,142,227,382

Source: California Municipal Statistics, Inc.

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**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Assessed Valuation and Parcels by Land Use**  
**Fiscal Year 2023-24**

	<u>2023-24</u> <u>Assessed Valuation<sup>(1)</sup></u>	<u>% of</u> <u>Total</u>	<u>No. of</u> <u>Parcels</u>	<u>% of</u> <u>Total</u>
<b><u>Non-Residential:</u></b>				
Commercial	\$3,441,933,426	9.36%	1,700	2.65%
Vacant Commercial	87,278,168	0.24	246	0.38
Industrial	2,842,087,147	7.73	1,123	1.75
Vacant Industrial	327,811,855	0.89	194	0.30
Recreational	82,683,966	0.22	58	0.09
Government/Social/Institutional	239,127,607	0.65	1,528	2.38
Miscellaneous	173,113,663	0.47	750	1.17
Subtotal Non-Residential	<u>\$7,194,035,832</u>	<u>19.56%</u>	<u>5,599</u>	<u>8.72%</u>
<b><u>Residential:</u></b>				
Single Family Residence	\$23,706,931,847	64.44%	46,162	71.87%
Condominium/Townhouse	2,142,331,640	5.82	5,849	9.11
Mobile Home	39,647,285	0.11	1,083	1.69
Mobile Home Park	101,897,754	0.28	30	0.05
2-4 Residential Units	1,435,747,972	3.90	2,648	4.12
5+ Residential Units/Apartments	1,760,418,300	4.79	637	0.99
Vacant Residential	406,532,975	1.11	2,225	3.46
Subtotal Residential	<u>\$29,593,507,773</u>	<u>80.44%</u>	<u>58,634</u>	<u>91.28%</u>
Total	<u>\$36,787,543,605</u>	<u>100.00%</u>	<u>64,233</u>	<u>100.00%</u>

<sup>(1)</sup> Local Secured Assessed Valuation, excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

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**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Per Parcel 2023-24 Assessed Valuation of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2023-24 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single-Family Residential	46,162	\$23,706,931,847	\$513,559	\$441,516

<u>2023-24 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	784	1.698%	1.698%	\$ 29,779,999	0.126%	0.126%
\$50,000 - \$99,999	2,875	6.228	7.926	212,905,946	0.898	1.024
\$100,000 - \$149,999	2,013	4.361	12.287	252,338,092	1.064	2.088
\$150,000 - \$199,999	2,511	5.440	17.727	440,794,155	1.859	3.947
\$200,000 - \$249,999	3,374	7.309	25.036	761,425,993	3.212	7.159
\$250,000 - \$299,999	3,444	7.461	32.496	945,909,780	3.990	11.149
\$300,000 - \$349,999	3,111	6.739	39.236	1,010,350,499	4.262	15.411
\$350,000 - \$399,999	2,857	6.189	45.425	1,071,121,011	4.518	19.929
\$400,000 - \$449,999	2,572	5.572	50.996	1,093,542,339	4.613	24.542
\$450,000 - \$499,999	2,696	5.840	56.837	1,281,975,115	5.408	29.950
\$500,000 - \$549,999	2,753	5.964	62.801	1,444,287,818	6.092	36.042
\$550,000 - \$599,999	2,536	5.494	68.294	1,456,176,872	6.142	42.184
\$600,000 - \$649,999	2,213	4.794	73.088	1,382,395,836	5.831	48.016
\$650,000 - \$699,999	2,093	4.534	77.622	1,410,490,892	5.950	53.965
\$700,000 - \$749,999	1,770	3.834	81.457	1,283,712,251	5.415	59.380
\$750,000 - \$799,999	1,483	3.213	84.669	1,147,537,345	4.841	64.221
\$800,000 - \$849,999	1,299	2.814	87.483	1,069,868,199	4.513	68.734
\$850,000 - \$899,999	1,000	2.166	89.649	873,599,437	3.685	72.419
\$900,000 - \$949,999	803	1.740	91.389	741,483,219	3.128	75.546
\$950,000 - \$999,999	622	1.347	92.736	606,130,605	2.557	78.103
\$1,000,000 and greater	3,353	7.264	100.000	5,191,106,444	21.897	100.000
<b>Total</b>	<b>46,162</b>	<b>100.000%</b>		<b>\$23,706,931,847</b>	<b>100.000%</b>	

<sup>(1)</sup> Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.

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**CITRUS COMMUNITY COLLEGE DISTRICT  
2023-24 Largest Local Secured Taxpayers**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2023-24 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1	LIT Reliance II LP	Industrial	\$ 187,896,240	0.51%
2	IBY Property Owner LLC	Industrial	183,052,256	0.50
3	Northrop Grumman Systems	Industrial	101,378,016	0.28
4	Avalon Monrovia LLC	Apartments	98,557,232	0.27
5	Avalon Glendora LP	Apartments	97,869,732	0.27
6	BPP Pacific Industrial REIT LA	Industrial	94,951,194	0.26
7	Todd APG LLC	Industrial	93,779,700	0.25
8	Fountains Paragon LLC	Commercial	81,035,287	0.22
9	Alosta Portfolio LLC	Apartments	81,000,810	0.22
10	Monrovia Apartments EPF I LLC	Apartments	78,257,372	0.21
11	Duarte Multifamily LLC	Residential Land	63,904,367	0.17
12	Golden State Water Company	Water Company	60,634,980	0.16
13	Claremont Star LP	Hotel	60,601,425	0.16
14	LIT Industrial Ltd.	Industrial	57,728,621	0.16
15	Foothill Technology Center I LLC	Office Building	52,380,954	0.14
16	Meile Investment LLC	Hotel	51,187,393	0.14
17	Huntington Oaks Delaware	Shopping Center	50,829,339	0.14
18	Davis Wire Corp.	Industrial	49,897,331	0.14
19	Miracle Mile Properties LP	Apartments	45,486,913	0.12
20	601 Auto Center Drive LLC	Auto Dealership	41,799,740	0.11
			\$ 1,632,228,902	4.44%

<sup>(1)</sup> 2023-24 Local Secured Assessed Valuation: \$36,787,543,605  
Source: California Municipal Statistics, Inc.

***Ad Valorem Property Taxes, Tax Rates, Levies, Collections and Delinquencies***

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to

which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.** See the table entitled "Secured Tax Charges and Delinquencies" below. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay debt service on the Bonds when due. If delinquencies increase substantially, including as a result of events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The District is a member of the California Statewide Delinquent Tax Finance Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies in the County to receive additional unrestricted revenues through financing of property tax delinquencies. The Authority, however, does not purchase the portion of delinquent levies for debt service on the District's general obligation bonds. See the table entitled "Secured Tax Charges and Delinquencies" below. The Authority is a pass-through entity and its financial information is not available.

The following table sets forth real property secured tax charges and corresponding delinquencies with respect to property located in the District for fiscal years 2018-19 through 2022-23.

**CITRUS COMMUNITY COLLEGE DISTRICT  
Secured Tax Charges and Delinquencies**

**Fiscal Years 2018-19 through 2022-23**

	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2018-19	\$ 6,556,928.62	\$89,876.35	1.37%
2019-20	6,975,739.98	157,813.50	2.26
2020-21	7,312,344.49	124,996.52	1.71
2021-22	7,525,132.21	117,925.41	1.57
2022-23	8,121,718.85	127,188.64	1.57
	<u>Secured Tax Charge<sup>(2)</sup></u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2018-19	\$ 6,361,112.15	\$67,026.30	1.05%
2019-20	6,512,442.82	103,847.39	1.59
2020-21	6,768,619.78	76,923.54	1.14
2021-22	15,675,901.05	185,287.75	1.18
2022-23	15,612,471.60	177,769.98	1.14

<sup>(1)</sup> 1% General Fund Apportionment. Excludes redevelopment agency impounds. Reflects County-wide delinquency rates.

<sup>(2)</sup> Bond debt service levy.

Source: California Municipal Statistics, Inc.

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The following tables set forth certain typical tax rates per \$100 of assessed valuation levied in Tax Rate Areas 2730, 6209, 4133 and 2045 for fiscal years 2019-20 through 2023-24.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Typical Total Tax Rates per \$100 of Assessed Valuation**  
**Fiscal Years 2019-20 through 2023-24**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
<u>TRA 2730 (2023-24 Assessed Valuation: \$3,472,185,617)</u>					
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Claremont	.008479	.008218	.008474	.008079	.006501
Claremont Unified School District	.086898	.088351	.082490	.077660	.074914
Citrus Community College District	.021725	.021573	.048323	.045153	.044001
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.120602%	1.121642%	1.142787%	1.134392%	1.128916%
<u>TRA 6209 (2023-24 Assessed Valuation: \$2,717,615,017)</u>					
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Monrovia	.128519	.128519	.128519	.128519	.128519
Monrovia Unified School District	.083012	.081798	.083477	.085750	.100499
Citrus Community College District	.021725	.021573	.048323	.045153	.044001
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.236756%	1.235390%	1.263819%	1.262922%	1.276519%
<u>TRA 4133 (2023-24 Assessed Valuation: \$2,344,835,886)</u>					
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Glendora Unified School District	.062310	.067690	.069838	.068159	.068348
Citrus Community College District	.021725	.021573	.048323	.045153	.044001
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.087535%	1.092763%	1.121661%	1.116812%	1.115849%
<u>TRA 2045 (2023-24 Assessed Valuation: \$2,335,469,230)</u>					
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Azusa Unified School District	.114164	.108167	.093279	.102207	.94379
Citrus Community College District	.021725	.021573	.048323	.045153	.044001
San Gabriel Valley Municipal Water District	.030000	.030000	.030000	.030000	.030000
Total	1.165889%	1.159740%	1.171602%	1.177360%	1.168380%

Source: California Municipal Statistics, Inc.

**Effect of Natural Disasters on Assessed Valuations**

As referenced under “– Assessed Valuations” herein, assessed valuations are subject to change in each year and such changes may result from a variety of factors, including natural disasters. In recent years, there have been several notable natural disasters in the State, including drought conditions. Governor Gavin Newsom (the “Governor”) declared regional drought emergencies throughout the State

on April 12, 2021, May 10, 2021, July 8, 2021 and October 19, 2021. Since the October 19, 2021 proclamation, the State experienced a record-breaking dry period in January and February of 2022. On March 28, 2022, the Governor filed Executive Order N-7-22, which, among other things, maintained the aforementioned emergency drought proclamations, and established State Water Resources Board review of emergency regulations related to drought conditions.

However, California experienced an unexpected increase in the amount of winter storms and increased rainfall and snowpack, leading to an unseasonably wet winter in late 2022 and early 2023, which impacted communities across the State (the “2022-23 Winter Storms”). The increased rainfall caused by the 2022-23 Winter Storms has eased drought conditions across the State considerably. Accordingly, in March 2023, the Governor rescinded some of the State’s drought restrictions, including restrictions in the County. In addition, in January 2023, the Governor announced an extension of its tax filing deadline for residents and businesses in Counties which were impacted by the 2022-23 Winter Storms and the resulting mudslides, and flooding (the “2023 Winter Storm Tax Extension”). Most counties in the State, including the County, were included in the 2023 Winter Storm Tax Extension, such that certain individual and business tax payments which would have typically been due at various times between January and September 2023 were due on October 16, 2023.

It is not possible for the District to make any representation regarding the extent to which any winter storms, or related increased rainfall, mudslides or flooding conditions, could cause reduced economic activity within the boundaries of the District or the extent to which such conditions may impact District facilities or the assessed value of taxable property within the District.

In addition, major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020. The District did not sustain any serious property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The increased rainfall can elevate plant growth compared to typical growth patterns across the State, creating additional fuel for any potential wildfire and potentially elevating the severity of any such wildfire. The Governor has signed a number of measures into law addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acres burned by wildfire in the State would both increase in the future. This report details significant economic impact to the State as a result of these and other natural disasters. The report is publicly available at <http://www.climateassessment.ca.gov/>. The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by reference.

The District is located in a seismically active region. Active earthquake faults include the San Andreas Fault that runs throughout the County and the Whittier Fault.

The District cannot predict or make any representation regarding the effects that natural disasters, such as fire, wildfire, drought or extended drought conditions, earthquakes or other natural or man-made conditions have or may have on the value of taxable property within the District, or to what extent the effects of such natural disasters might have on economic activity within the District or throughout the State. See below under the heading “—Appeals of Assessed Value; Proposition 8 Reductions.”

## **Appeals of Assessed Value; Proposition 8 Reductions**

A property owner may appeal a county assessor's determination of assessed value based on Proposition 8, passed by the voters in November 1978 ("Proposition 8"), or based on a challenge to the base year value.

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner's belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the county assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the county assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIII A.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four (4) years of change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters, such as earthquakes, floods, fire, wildfire, drought or other toxic contamination pursuant to relevant provisions of the State Constitution. Such reductions are subject to yearly reappraisals by the County Assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under the State Constitution.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

## **California Senate Bill 222**

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016, to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and costs of issuance. See "LEGAL MATTERS – Limitations on Remedies; Amounts Held in the County Treasury Pool; – Effects of Senate Bill 222; and – Special Revenues" herein for more information on SB 222.

## **Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five (5) years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four (4) years of assessments when the owner fails to file a claim within four (4) years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three (3) years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three (3) years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two (2) years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three (3) years of the destruction.



## **Direct and Overlapping Debt**

The following is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., dated June 3, 2024, and showing debt as of July 1, 2024. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter have reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

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**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Direct and Overlapping Bonded Indebtedness**

2023-24 Assessed Valuation: \$38,142,227,382

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/24</u>
Metropolitan Water District	0.876%	\$ 159,520
<b>Citrus Community College District</b>	<b>100.</b>	<b>115,880,302<sup>(1)</sup></b>
Azusa Unified School District	100.	125,461,786
Claremont Unified School District	100.	62,295,000
Duarte Unified School District	100.	111,157,035
Glendora Unified School District	100.	31,665,437
Monrovia Unified School District	100.	58,796,072
City of Arcadia	0.342	22,972
City of Claremont	100.	5,305,000
City of Monrovia Parcel Tax Bonds	99.539	3,429,119
City of Azusa Community Facilities District No. 2002-1 & 2005-1, I.A.s.1 & 2	100.	<u>45,124,715</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$559,296,958</b>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	1.902%	\$ 47,154,949
Los Angeles County Superintendent of Schools Obligations	1.902	54,346
Azusa Unified School District Certificates of Participation	100.	4,083,000
Claremont Unified School District General Fund Obligations	100.	3,436,000
Monrovia Unified School District Certificates of Participation	100.	215,000
City of Monrovia General Fund and Pension Obligation Bonds	99.539	116,619,892
Other City General Fund Obligations	Various	<u>123,670,896</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$295,234,083</b>

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	\$64,140,877
 <b>COMBINED TOTAL DEBT</b>	 <b>\$918,671,918<sup>(2)</sup></b>

Ratios to 2023-24 Assessed Valuation:

<b>Direct Debt (\$115,880,302)</b> .....	<b>0.30%</b>
Total Direct and Overlapping Tax and Assessment Debt....	1.47%
Combined Total Debt.....	2.41%

Ratios to Redevelopment Incremental Valuation (\$6,547,176,058):

Total Overlapping Tax Increment Debt.....	0.98%
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<sup>(1)</sup> Excludes the Bonds to be sold.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.  
Source: California Municipal Statistics, Inc.

**CONSTITUTIONAL AND STATUTORY LIMITATIONS**  
**ON TAXES AND APPROPRIATIONS**

**Article XIII A of the California Constitution**

Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property, to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash

value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the \$1 per \$100 of taxable value.

### **Article XIII B of the California Constitution**

Under Article XIII B of the California Constitution, state and local government entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

### **Article XIII C and XIII D of the California Constitution**

On November 5, 1996, an initiative to amend the California Constitution known as the “Right to Vote on Taxes Act” (“Proposition 218”) was approved by a majority of California voters. Proposition 218 added Articles XIII C and XIII D to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election

held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as “general taxes” (defined as those used for general governmental purposes) or “special taxes” (defined as taxes for a specific purpose even if the revenues flow through the local government’s general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District’s voters voting on the proposition, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District’s ability to pursue approval of a general obligation bond issue in the future, which is already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

### **Unitary Property**

Property tax revenue derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This applies to all Unitary Property except railroads, whose valuation

will continue to be allocated to individual tax rate areas. Generally, this allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

The State electric utility industry has experienced significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" in APPENDIX A hereto.

### **Proposition 46**

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

### **Proposition 39**

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to exempt the one percent *ad valorem* tax limitation that Section 1(a) of Article XIII A of the Constitution levies, to pay bonds approved by 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

## **Proposition 1A**

Proposition 1A (SCA 4) provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate below 0.65%, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

## **Proposition 30 and Proposition 55**

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and were to be in effect until the conclusion of the 2018 tax year. The State Legislative Analyst Office (the "LAO") estimated that, as a result of Proposition 30, additional state tax revenues of about \$6 billion annually from fiscal years 2012-13 through 2016-17 would be received by the State with lesser amounts of additional revenue available in fiscal years 2017-18, and 2018-19. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 was to provide additional tax revenues aimed at balancing the State's budget through fiscal year 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for various purposes including funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor would determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenue projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. The loss of the associated tax revenues could create additional budget pressure in subsequent years.

On November 8, 2016, voters approved the California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55 ("Proposition 55"), which extended the temporary tax increases created by Proposition 30 on income taxes (the sales tax piece expired December 31, 2016) from the 2016 tax year through the 2030 tax year. The District cannot predict the effect the loss of the revenues generated from such temporary sales tax increases will have on total State revenues and the effect on the Proposition 98 formula for funding schools.

## **Proposition 2**

On November 4, 2014, voters approved Proposition 2, also referred to as the “Rainy Day Budget Stabilization Fund Act.” Proposition 2 changed the State’s existing requirements for the Budget Stabilization Account (“BSA”) and establishes a Public School System Stabilization Account (“PSSSA”).

Proposition 2 limits the ability of the Governor to suspend or reduce transfers to the BSA. Specifically, the Governor would have to declare a “budget emergency,” defined in Article XIIB of the State Constitution or determine that (A) there are insufficient resources to maintain general fund expenditures for the current year at the highest level of spending in the three most recent fiscal years, or (B) it is made in response to a natural or man-made emergency. Any such declaration must be followed by a legislative bill passed by a majority vote of each house. If a budget emergency exists and the State elects to make a withdrawal from the BSA, the State may withdraw the lesser of (i) the amount needed to maintain General Fund spending at the highest level of the past three enacted budget acts; and (ii) fifty percent of the balance of the BSA.

Proposition 2 also requires the State Controller to deposit annually 1.5% of general fund revenues and an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8% of general fund revenues. Deposits to the BSA will be made until the BSA balance reaches an amount equal to 10% of general fund revenues. Additionally, from 2015-16 to 2029-30, half of any required transfers to the BSA must be allocated to reduce certain state liabilities, such as unfunded state-level pension plans and making certain payments owed to K-14 school districts.

The PSSSA will be funded by the capital gains-related tax revenues in excess of 8% of general fund revenues. The State may deposit amounts into the PSSSA only after certain conditions are met, including the payment of all amounts owing to school districts under the Proposition 98 maintenance factor and the existence of a “Test 1” year under Proposition 98.

Deposits to the BSA, PSSSA and other State reserves in the 2024-25 fiscal year and beyond are described further under APPENDIX A – “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA– Fiscal Year 2024-25 State Budget.”

## **Proposition 51**

At the November 8, 2016, Election, voters in the State approved the California Public School Facility Bonds Initiative (“Proposition 51”). Proposition 51 authorized the sale and issuance of \$9 billion in general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the State.

To date, the District has not received funding pursuant to Proposition 51.

## **Property Tax Base Transfer (Proposition 19)**

The majority of voters casting a ballot at the November 2020 Statewide election voted to enact changes to certain property tax rules (“Proposition 19”) which: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

## **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 46, 39 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

## **LEGAL OPINION**

The legal opinion of Nixon Peabody LLP, Los Angeles, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the original purchasers of the Bonds without charge. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds, and undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate (the "Tax Certificate") the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

### **State Taxes**

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State of California.

### **Original Issue Discount**

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting



in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

### **Original Issue Premium**

Bonds sold at prices in excess of their principal amounts are “Premium Bonds”. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **LEGALITY FOR INVESTMENT**

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the Act, the Bonds are eligible to secure deposits of public moneys in California.

## **RATING**

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "Aa1" to the Bonds. Such rating reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained as follows: Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **LEGAL MATTERS**

### **Continuing Disclosure**

The District will covenant in its Continuing Disclosure Undertaking to be executed on the date of delivery of the Bonds (the "Continuing Disclosure Undertaking"), to file annual reports and notices of certain listed events ("Listed Events") with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with the Rule. The District's obligations under the Continuing Disclosure Undertaking with respect to continuing disclosure shall terminate upon payment in full of the Bonds. If such termination occurs or is deemed to occur prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event. The District regularly prepares a variety of reports, including audits, budgets and related documents. Any Owner of a Bond may obtain a copy of any such report, as available, from the District. The specific nature of the annual reports and notices of Listed Events respecting the Bonds is contained in APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

In the last five years, the District has complied in all material respects with its previous undertakings under the Rule to provide annual reports and notices of Listed Events. The District has engaged KNN Public Finance, LLC, as Dissemination Agent (“Dissemination Agent”), to assist it in complying with all of its continuing disclosure undertakings and to compile and disseminate its annual reports and other required notices and information required under its continuing disclosure undertakings.

### **Limitation on Remedies; Amounts Held in the County Treasury Pool**

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

### **Effects of Senate Bill 222**

SB 222 became effective January 1, 2016. SB 222 was introduced initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, SB 222 was amended to include an addition to the Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts.

SB 222, applicable to general obligation bonds issued after its effective date, such as the Bonds, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond costs of issuance.

### **Special Revenues**

If the District were to become a debtor in a proceeding under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”), because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted to the repayment

of the Bonds, the District believes that those taxes are “special revenues” as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal and interest to Owners of the Bonds likely would continue under 11 U.S.C. § 922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus Owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could find that the automatic stay exception for special revenues does not apply, and the parties to the proceedings may thus be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the bankruptcy court’s permission. It is also possible that the bankruptcy court may not enforce the State law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its colleges, before the remaining revenues are paid to the owners of the Bonds. It should also be noted that it is possible – in the context of confirming a Plan of Adjustment (the “Plan”) in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the Bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds’ terms are fair and equitable.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County’s Investment Pool, as described in APPENDIX F – “THE LOS ANGELES COUNTY POOL SURPLUS INVESTMENTS” herein. In the event the District or the County were to file for bankruptcy relief, a bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which might include taxes that have been collected and deposited in the Debt Service Fund, where such amounts are deposited into the County

Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the Owners of the Bonds can “trace” those funds. There can be no assurance that the Owners could successfully so “trace” such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by Raymond James & Associates, Inc., as Underwriter (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the aggregate principal amount of the Bonds of \$\_\_\_\_\_, plus/less original issue premium/discount of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_) pursuant to the Contract of Purchase.

*The Underwriter has provided the following paragraph for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District:*

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has made financial contributions in the past, and may contribute in the future, to the Citrus College Foundation, which may use such funds for all lawful purposes.

## **PROFESSIONALS INVOLVED IN THE OFFERING**

The District has retained KNN Public Finance to serve as Municipal Advisor with respect to the issuance of the Bonds. The Underwriter, Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriter’s Counsel will receive compensation with respect to the Bonds which is contingent upon the sale and delivery of the Bonds.

## **FINANCIAL STATEMENTS**

The District’s Audited Financial Statements for fiscal year 2022-23 have been audited by Eide Bailly LLP, independent certified public accountants (the “Auditor”), as stated in their report appearing in APPENDIX C. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX C to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

## **NO LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District's management, the aggregate amount of uninsured liabilities therefor will not materially affect the District's finances.

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**OTHER INFORMATION**

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Vice President, Finance and Administrative Services, Citrus Community College District, 1000 West Foothill Boulevard, Glendora, California 91741. The District may charge a nominal fee for copying and shipping.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

CITRUS COMMUNITY COLLEGE DISTRICT

By: \_\_\_\_\_  
Vice President, Finance and  
Administrative Services

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**APPENDIX A**

**CITRUS COMMUNITY COLLEGE DISTRICT**

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**APPENDIX A**

**CITRUS COMMUNITY COLLEGE DISTRICT**

**District Organization**

The District was founded in 1961. From 1915 to 1961, Citrus College was operated by the Citrus Union High School District. The District is located in the City of Glendora, California, in the foothills of the San Gabriel Mountains and serves the communities of Azusa, Bradbury, Claremont, Duarte, Glendora and Monrovia, across 272 square miles of eastern Los Angeles County, and portions of other neighboring communities, including Arcadia, Covina, Irwindale, La Verne, Pomona and San Dimas. The District currently operates Citrus College, which occupies a 104-acre campus including more than 60 buildings. In fiscal year 2023-24, the District served an estimated 9,100 full-time equivalent credit students (“FTES”) and 300 full-time equivalent noncredit students.

The District is governed by a five-member Board of Trustees plus a student representative, each (non-student) member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

**CITRUS COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Anthony Contreras	President	November 30, 2026
Ms. Cheryl Alexander	Vice President	November 30, 2026
Ms. Mary Ann Lutz	Clerk/Secretary	November 30, 2024
Dr. Patricia A. Rasmussen	Member	November 30, 2024
Ms. Laura J. Bollinger	Member	November 30, 2024
Mr. Jonathan Johnson	Student Trustee	May 31, 2025

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Citrus Community College District, 1000 West Foothill Boulevard, Glendora, California 91741, Attention: Vice President of Finance and Administrative Services.

**Key Personnel**

The following is a listing of the key administrative personnel of the District:

<u>Name</u>	<u>Title</u>
Greg Schulz, Ed.D.	Superintendent/President
Claudette E. Dain, C.P.A.	Vice President, Finance and Administrative Services
Dana Hester, Ed.D.	Vice President, Academic Affairs
Richard F. Rams, Ed.D.	Vice President, Student Services
Simone Brown Thunder	Executive Director of Human Resources
Wade W. Ellis, Illinois C.P.A.	Director of Fiscal Services

The Superintendent/President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Greg Schulz, Ed.D. is the District's current Superintendent/President.

Brief biographies of the Superintendent/President and the Vice President, Finance and Administrative Services follow:

***Greg Schulz, Ed.D., Superintendent/President.*** Greg Schulz, Ed.D., became the eighth superintendent/president of Citrus College on July 1, 2021. With more than 24 years of leadership experience in the California community colleges system, Dr. Schulz has earned a reputation for being an enthusiastic and student-centered administrator. Prior to joining the Citrus College community, he served as the president of Fullerton College since 2016. Prior to that, he held the same position on an interim basis for 10 months.

Dr. Schulz has also served in a variety of other educational leadership roles, including provost of North Orange Continuing Education ("NOCE"); dean of trades and industrial technologies at Long Beach City College; dean of instruction and student services of NOCE; interim director of fiscal affairs at North Orange County Community College District; manager of administrative services at NOCE; and adjunct associate professor at California State University, Fullerton.

Dr. Schulz earned his associate degree in business administration from Fullerton College; his bachelor's degree in business administration/accounting from California State University, Fullerton; his master's degree in public administration from California State University, Long Beach; and his doctorate in educational leadership from the University of Southern California. He has also participated in a variety of leadership opportunities, including the Wheelhouse Institute on Leadership at the University of California, Davis; the American Association of Community Colleges Presidents Academy Summer Institute; and the Community College League of California Vineyard Symposium.

***Claudette E. Dain, C.P.A., Vice President, Finance and Administrative Services.*** Ms. Dain has served as Vice President, Finance and Administrative Services at Citrus College since 2014. Ms. Dain is responsible for providing leadership and guidance for the District's administrative support functions, including fiscal management; budget development and control; enterprise service operations; contract and grant management and reporting; payroll operations; purchasing; transportation; risk management; warehouse operations; facilities planning and construction management; maintenance and operations; and grounds.

Ms. Dain is a Certified Public Accountant, C.P.A., and holds a Master of Business Administration degree from California State University, Dominguez Hills and a Bachelor of Science degree from California State Polytechnic University, Pomona, and has over 18 years of leadership experience in the California community college system and nearly 27 years of experience in finance. Under Ms. Dain's leadership, Citrus College has maintained a strong financial position and has obtained favorable audit opinions. Ms. Dain recently oversaw the completion of the Citrus Community College District Educational and Facilities Master Plan, completion of the Measure G construction program, and passage of the Measure Y general obligation bond program and the related construction planning efforts.

Prior to joining Citrus College in 2014, Ms. Dain served in a number of other leadership roles such as Vice President of Administrative Services for Fullerton College, District Director of Fiscal Affairs for the North Orange County Community College District and as Senior Manager with Vicenti, Lloyd & Stutzman, LLP, where she specialized in community college financial and compliance audits. Ms. Dain also serves on a number of statewide organizations whose mission is to serve education and provide direct support to community colleges.

## District Employees

Currently, the District employs 180 full-time certificated professionals and 253 full-time classified employees and managers. In addition, the District employs 311 part-time faculty. These employees, except management and some part-time employees, are represented by three labor organizations as noted below.

### CITRUS COMMUNITY COLLEGE DISTRICT Labor Relations Organizations

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Citrus College Faculty Association	162	June 30, 2026
Classified School Employees Association	240	June 30, 2026
Citrus College Adjunct Faculty Federation	137	June 30, 2026

Source: The District.

## Joint Powers Authorities

The District participates in three separate joint powers agreements with the following entities (each, a “JPA”): the Protected Insurance Program for Schools (“PIPS”); the Statewide Association of Community Colleges (“SWACC”); and the Southern California Community College Districts’ Self-Funded Insurance Agency (“SCCCD”). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes, as explained below.

PIPS maintains a program for the purchase of coverage for workers’ compensation claims in excess of members’ other insurance. PIPS is governed by a Board of Directors (the “Board of Directors”) who are elected by the member districts. The Board of Directors controls the operations of PIPS, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the Board of Directors. Each member makes annual contributions as determined by the Board of Directors based on estimated payroll.

SWACC arranges for and provides property and liability insurance for its member districts. The District pays a premium commensurate with the level of coverage requested.

SCCCD provides workers’ compensation claims and a retiree health insurance fund for its seven member districts. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers’ compensation claims.

## District Enrollment

The table below sets forth the enrollment for FTES for the District for fiscal years 2019-20 through 2023-24, representing only funded FTES.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Funded Full-Time Equivalent Students**  
**Fiscal Years 2019-20 through 2023-24**

<u>Fiscal Year</u>	<u>Funded FTES</u>	<u>Increase/Decrease From Prior Year</u>
2019-20	11,651	(212)
2020-21	11,426	(225)
2021-22	11,414	(12)
2022-23	11,414	0
2023-24	10,889*	(525)

\* Utilized three-year average FTES for funding purposes under the SCFF.

Source: The District.

The District does not project any unfunded FTES as of the Annual Apportionment for fiscal year 2023-24. The table below sets forth the target FTES in the District for the next five fiscal years.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Annual Full-Time Equivalent Students Five-Year Projections**  
**Fiscal Years 2024-25 through 2028-29**

<u>Fiscal Year</u>	<u>Target FTES</u>
2024-25	9,964
2025-26	10,313
2026-27	10,571
2027-28	10,782
2028-29	10,998

Source: The District.

**Population**

The populations of the Cities of Glendora, Azusa, Bradbury, Claremont, Duarte and Monrovia, the County and the State are set forth in the following table.

**POPULATION FIGURES**  
**2020 through 2024<sup>(1)</sup>**

<u>Year</u>	<u>City of Glendora</u>	<u>City of Azusa</u>	<u>City of Bradbury</u>	<u>City of Claremont</u>	<u>City of Duarte</u>	<u>City of Monrovia</u>	<u>County of Los Angeles</u>	<u>State of California</u>
2020	51,879	49,805	1,056	35,877	21,531	37,964	10,135,614	39,648,938
2021	51,540	49,587	1,045	35,707	21,457	38,479	10,044,458	39,466,855
2022	51,571	49,453	886	37,034	21,384	37,772	9,834,503	39,078,674
2023	51,374	49,595	905	37,673	22,958	37,563	9,819,312	39,061,058
2024	51,209	49,420	898	37,686	23,656	38,087	9,824,091	39,128,162

<sup>(1)</sup> Data as of January 1 of each year.

Source: California State Department of Finance.

The following table sets forth the principal employers in the City of Glendora for fiscal year 2022-23.

**CITY OF GLENDORA  
Principal Employers**

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
Citrus Community College District	Public Education	744
Glendora Unified School District	Public Education	734
Foothill Presbyterian Hospital	Health Services	590
County of Los Angeles – DCFS	Government Services	558
Wal-Mart Stores, Inc.	Retail	379
Glendora Grand	Health Services	314
Glendora Community Hospital	Health Services	306
City of Glendora	Municipal Government	249
Home Depot	Retail	185
Sam’s Club	Retail	183

Source: City of Glendora

**ALTHOUGH DATA REGARDING THE DISTRICT’S FUNDS AND OPERATIONS, DISTRICT AND STATE BUDGETS, AND CERTAIN DEMOGRAPHIC DATA REGARDING JURISDICTIONS IN THE DISTRICT’S SERVICE AREA ARE PROVIDED IN THIS OFFICIAL STATEMENT, PROSPECTIVE PURCHASERS OF THE BONDS SHOULD BE AWARE THAT ONLY *AD VALOREM* PROPERTY TAX REVENUES ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” HEREIN. OTHER FINANCIAL INFORMATION AND OPERATING INFORMATION IS PROVIDED BY WAY OF BACKGROUND ONLY AND THE DISTRICT’S FUNDS ARE NOT AVAILABLE TO MAKE PAYMENTS WITH RESPECT TO THE BONDS.**

**District Investments**

The Treasurer manages, in accordance with the Act, Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County’s Treasury Pool (as defined herein). All money held in any of the funds or accounts established pursuant to the Resolution shall be held in the Treasury Pool and disbursed in accordance with the Resolution.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Treasury Pool, see APPENDIX F – “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS” herein.

## **Revenue Limits**

The State provides the largest percentage of the District's revenues, based on certain formulas. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Funding of a community college district's revenue limit is accomplished by a mix of (1) local property taxes, (2) State apportionments of basic aid and (3) student enrollment fees. Generally, the State apportionments amount to the difference between the community college district's revenue limit and its local property tax revenues and student enrollment fees.

Article XIII A of the California Constitution and other legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted for non-payment on or about June 30 of the fiscal year and is subject to the power of sale five years from such date if delinquent taxes are not paid. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the Treasurer. For additional details on property tax levies and collections, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – *Ad Valorem* Property Taxes, Tax Rates, Levies, Collections and Delinquencies" herein.

## **Federal Revenues**

The federal government provides funding for several District programs, including Higher Education Emergency Relief Funding, Supplemental Education Opportunity Grants, Work Study, Pell Grant, Veterans' Education, and Temporary Assistance for Needy Families. The federal revenues, most of which are restricted, were composed of approximately 30.4% and 16.2% of total revenues in fiscal years 2021-22 and 2022-23, respectively. Federal revenues for fiscal year 2023-24 are projected at 10.5% of total revenues.

## **Expenditures**

Funding of the above revenue limits is accomplished by a mix of local property taxes, enrollment fees, and State aid. Since the passage of Article XIII A of the California Constitution in 1978, property taxes received by the District have been limited to the District's share of one percent of the full cash value

collected by the County. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

As noted in the financial statements included herein, the District’s major expenditures each year are employee salaries and benefits.

**Financial Statements of the District**

The District’s General Fund finances most of the activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Certain information from the District’s financial statements follows. The District’s audited financial statements for fiscal year 2022-23 are attached hereto as APPENDIX C. The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the Director of Fiscal Services for the District and audited by independent certified public accountants each year. The District’s complete audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District’s Fiscal Services Office located at 1000 West Foothill Boulevard, Glendora, California 91741-1899, telephone: (626) 914-8890. The District may impose a fee for copying, mailing and handling.

The District’s financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds used by the District are categorized as follows:

Governmental Funds

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds

Fiduciary Funds

- Associated Students Trust Fund
- Student Financial Aid Trust Fund
- Student Representation Fee Fund

Proprietary Funds

- Enterprise Funds
- Internal Service Funds

The General Fund of the District, one component of all of the District’s funds which are shown herein, is a combined fund comprising moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues are derived from such sources as taxes, aid from other government agencies, charges for current services, tuition and other revenue.

**District Budgets**

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. The District adopts on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the State Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus



the carry-over fund balance from the previous year. The Chancellor of the California Community Colleges imposes a uniform budgeting format for each community college district in the State.

**Governmental and General Funds**

The following pages describe the District’s comprehensive entity-wide audited financial results for the fiscal years 2020-21 through 2022-23, as well as a comparison of adopted budgets for fiscal years to figures for unrestricted general fund revenues for fiscal years 2020-21 through 2022-23, the unaudited actuals for fiscal year 2023-24, and the tentative budget for fiscal year 2024-25.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Comprehensive Entity-Wide Statement of Revenues, Expenditures and Changes in Net Assets**  
**Fiscal Years Ended June 30, 2021 through June 30, 2023**  
**(in thousands)**

	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>
<b>OPERATING REVENUES</b>			
Net tuition and fees	\$ 7,874	\$ 6,046	\$ 7,022
Grants and contracts, non-capital	25,016	36,232	22,990
Sales	1,114	659	133
<b>TOTAL OPERATING REVENUES</b>	<b>34,003</b>	<b>42,937</b>	<b>30,145</b>
<b>OPERATING EXPENSES</b>			
Salaries	59,674	57,744	61,814
Employee benefits	32,095	18,014	24,720
Supplies, materials and other operating expenses and services	9,254	14,422	14,795
Financial aid	21,363	33,666	23,536
Utilities, equipment, maintenance and repairs	1,956	1,481	3,223
Depreciation	5,773	4,984	9,237
<b>TOTAL OPERATING EXPENSES</b>	<b>130,113</b>	<b>130,311</b>	<b>137,324</b>
<b>OPERATING LOSS</b>	<b>(96,110)</b>	<b>(87,374)</b>	<b>(107,179)</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>			
State apportionments, non-capital	64,035	69,402	73,697
Local property taxes, levied for general purposes	7,592	7,559	8,257
Taxes levied for other specific purposes	7,103	15,762	17,075
Federal and state financial aid grants	20,148	32,320	21,797
State taxes and other revenues	3,267	3,530	4,294
Investment income, net	731	-	2,296
Investment loss, net	-	(5,484)	-
Interest expense on capital related debt	(3,826)	(3,807)	(4,087)
Investment income on capital asset-related debt, net	45	-	62
Investment loss on capital asset-related debt, net	-	(706)	-
Other nonoperating revenues	888	1,486	1,357
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>99,982</b>	<b>120,064</b>	<b>124,748</b>
<b>OTHER REVENUES</b>			
State revenues, capital	-	4,187	3,812
<b>TOTAL OTHER REVENUES</b>	<b>-</b>	<b>4,187</b>	<b>3,812</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>3,872</b>	<b>36,877</b>	<b>21,382</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>22,417</b>	<b>26,288</b>	<b>63,165</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$26,288</b>	<b>\$63,165</b>	<b>\$84,547</b>

Source: The District.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**Schedule of Financial Trends and Analysis for the General Fund (Unrestricted)**  
**for Fiscal Years 2020-21 through 2022-23, Unaudited Actuals for Fiscal Year 2023-24, and Tentative Budget for Fiscal Year 2024-25**

	<u>2020-21</u>		<u>2021-22</u>		<u>2022-23</u>		<u>2023-24</u>	<u>2023-24</u>	<u>2024-25</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Actuals</u>	<u>Budget</u>	<u>Unaudited actuals</u>	<u>Tentative Budget</u>
<b>REVENUES:</b>									
Federal	-	\$22,072	-	\$20,618	-	\$20,384	-	\$19,300	-
State	\$63,238,911	70,299,298	\$67,515,855	77,482,629	\$74,273,197	81,511,487	\$63,661,492	84,068,159	\$82,301,851
County, Local and Other	15,579,538	14,724,879	14,801,277	11,622,345	14,050,566	14,900,972	17,200,244	17,506,900	17,940,831
Total Revenues	<u>78,818,449</u>	<u>85,046,249</u>	<u>82,317,132</u>	<u>89,125,592</u>	<u>88,323,763</u>	<u>96,432,843</u>	<u>80,861,736</u>	<u>101,594,359</u>	<u>100,242,682</u>
<b>EXPENDITURES:</b>									
Academic Salaries	29,563,343	32,391,849	29,102,522	31,695,758	28,442,675	33,848,259	30,459,443	34,207,377	34,800,077
Classified Salaries	18,019,430	16,134,478	18,769,840	17,942,436	19,003,459	19,094,064	18,060,141	20,839,343	21,084,773
Employee Benefits	21,017,651	22,374,768	21,577,595	23,419,399	23,155,955	25,192,124	18,206,441	24,498,336	29,313,496
Supplies and Materials	1,763,535	768,817	2,275,141	1,509,173	3,360,484	2,116,261	2,112,584	2,126,936	2,728,671
Other Operating Expenses and Services	6,186,097	4,351,346	7,409,111	5,773,706	7,428,100	6,893,350	7,470,450	7,098,956	7,894,557
Capital Outlay	1,032,318	219,272	2,219,904	324,821	2,360,836	907,658	2,400,628	492,500	2,863,158
Total Expenditures	<u>77,582,374</u>	<u>76,240,530</u>	<u>81,354,113</u>	<u>80,665,293</u>	<u>83,751,509</u>	<u>88,051,716</u>	<u>78,709,687</u>	<u>89,263,447</u>	<u>98,684,732</u>
Net Other Financing Sources (Uses)	(2,527,893)	(9,777,283)	(1,205,000)	(7,236,720)	(2,055,000)	(5,665,380)	(1,542,970)	(4,144,622)	(1,555,000)
Change in Fund Balance	<u>(1,291,818)</u>	<u>(971,564)</u>	<u>(241,981)</u>	<u>1,223,579</u>	<u>2,517,254</u>	<u>2,715,747</u>	<u>609,079</u>	<u>8,186,289</u>	<u>2,950</u>
Beginning Fund Balance	33,557,251	33,568,647	32,774,720	32,597,083	33,820,662	33,820,662	21,285,358	36,536,409	44,722,698
Ending Fund Balance	<u>\$32,265,433</u>	<u>\$32,597,083</u>	<u>\$32,532,739</u>	<u>\$33,820,662</u>	<u>\$36,337,916</u>	<u>\$36,536,409</u>	<u>\$21,894,437</u>	<u>\$44,722,698</u>	<u>\$44,725,648</u>

Source: The District.

## Long-Term Debt

The District's general obligation indebtedness as of June 30, 2023, was \$143,536,606, which was approximately 0.40% of its total 2022-23 assessed valuation.

A schedule of changes in long-term debt for the year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due in One Year
Total Bonds Payable	<u>\$158,075,614</u>	<u>\$617,978</u>	<u>\$(15,156,986)</u>	<u>\$143,536,606</u>	<u>\$14,595,000</u>
Other Liabilities <sup>(1)</sup>					
Compensated Absences	\$2,387,173	\$ 8,020	\$ -	\$2,395,193	\$ 431,135
Subscription-based IT arrangements	655,645	192,427	(370,664)	477,408	384,914
Load banking	345,436	98,964	-	444,400	444,400
Group term life insurance	687,000	-	(75,000)	612,000	-
Total Other Liabilities	<u>\$4,075,254</u>	<u>\$299,411</u>	<u>\$(445,664)</u>	<u>\$3,929,001</u>	<u>\$1,260,449</u>
Total Long-Term Obligations	<u>\$162,150,868</u>	<u>\$917,389</u>	<u>\$(15,602,650)</u>	<u>\$147,465,607</u>	<u>\$15,855,449</u>

<sup>(1)</sup> Long-term liabilities other than OPEB and pensions.  
Source: The District.

## Risks Related to COVID-19

**Introduction.** The outbreak of a strain of coronavirus (“COVID-19”), a respiratory tract illness first identified in Wuhan, China in late 2019, spread to numerous countries across the globe, including the United States. COVID-19 was characterized as a pandemic by the World Health Organization and resulted in a declaration of a national emergency by the Federal Government on March 13, 2020, as a state of emergency by certain states (including by the State of California (the “State”) on March 4, 2020) and by local governments and counties. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. The outbreak caused stay-at-home orders, restrictions on gatherings and widespread temporary closings of businesses, universities and schools. Multiple states implemented state-wide school closures for the 2019-20 and 2020-21 school year, including the State.

The spread of COVID-19 significantly altered the behavior of businesses and people in a manner that has had substantial negative impacts on global and local economies. Stock markets in the U.S. and globally saw significant volatility attributed to COVID-19 and related stay-at-home orders, and the corresponding decreases in business activity attributable thereto. The country's unemployment rose to a level not seen since the Great Depression.

**Potential Effects of COVID-19 on Assessed Values and Tax Collection.** The COVID-19 pandemic resulted in an economic disruption that may continue to cause a general market decline in property values, and therefore affecting the assessed value of property, in the District. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. In addition, in response to the COVID-19 pandemic, the State has suspended fees, penalties, costs and interest for delinquent property taxes on certain residential and small business property for taxpayers affected by the COVID-19 pandemic, and the County Treasurer and Tax Collector has provided for the cancellations of penalties for delinquent payment of taxes for taxpayers similarly

affected. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Appeals of Assessed Value; Proposition 8 Reductions” and “– *Ad Valorem* Property Taxes, Tax Rates, Levies, Collections and Delinquencies” in the body of this Official Statement for more information on the potential effects of the COVID-19 pandemic on assessed valuations of property, tax collection and delinquency rates. The District cannot anticipate the effects of the COVID-19 pandemic on assessed values of property in the District or on collection or delinquency rates of property taxes.

***The District’s Response to the COVID-19 Pandemic.*** The District relied on guidance on responses to COVID-19 from State, County and City health officials which are monitoring the COVID-19 situation, in accordance with COVID-19 guidelines published by the Centers for Disease Control and Prevention. The District closed its on-site facilities through the end of the 2019-20 school year, and the majority of classes for the fall and spring semester for the 2020-21 school year were online. On June 15, 2021, the State fully reopened the economy. Businesses and activities returned to normal except for certain “mega events” (5,000 people indoors or 10,000 outdoors) and with other risk reduction measures. Accordingly, schools within the County were permitted to engage in on-site learning with certain restrictions. Many (about 30%) Fall 2024 classes were on campus, which includes both fully onsite and hybrid (partially on-campus and partially online) programs. When the District halted on-site learning, it took numerous steps to encourage continued learning for enrolled students. The District maintained essential services including, but not limited to, operations, communications, distance learning, payroll, accounts payable, and ongoing project management. The District incurred additional operational costs to implement distance learning strategies, deep clean and sanitize its facilities, and purchase additional sanitation and cleaning supplies necessary to maintain sanitation of its facilities.

Additional costs were borne by the District as circumstances related to the COVID-19 pandemic fluctuated. These included costs related to or associated with: (i) implementing and performing tests and screening for the virus, and monitoring staff and students for signs of illness; (ii) modifications to accommodate students or staff testing positive for the virus, including additional communications systems to exposed staff and students; (iii) obtaining an ongoing supply of personal protective equipment for students and staff; (iv) addressing additional hygiene and handwashing practices, including increasing the frequency of disinfecting high-touch surfaces; (v) implementation of staggered schedules and physical distancing procedures, including utilization of campus locations such as lecture halls, gymnasiums, auditoriums, cafeterias, and outdoor spaces, for educational activities; (vi) incorporation of additional technology to implement distance learning; (vii) altering procedures for cafeterias and provision of food service, including installation of additional physical barriers for provision of food service, such as sneeze guards and partitions, and modification of cafeteria spaces to allow physical distancing; (viii) ensuring adequate air circulation, including procurement of air scrubbers; (ix) additional labor costs resulting from the COVID-19 pandemic, including costs of staff training and costs associated with ensuring appropriate staffing levels to meet facility cleanliness and physical distancing requirements; (x) providing services to students and staff with disabilities, or who are otherwise at higher risk of contracting COVID-19; (xi) ensuring adequate support for English-learners and social and emotional support for all students and staff; (xii) modifications to programs in career and technical education, including cleaning of specialized equipment and tools, laboratories, experiential learning, and career counseling; and (xiii) development and implementation of a plan to close physical locations once re-opened, if required by circumstances related to the pandemic.

The District cannot evaluate at this time whether, or the extent to which, any of the above considerations will continue to affect its operations or result in future increased costs. Certain of these expenditures were reimbursed by the Federal government through the CARES Act (described herein). Additionally, the District received Federal Higher Education Emergency Relief Fund aid. The District cannot predict the extent to which the State or Federal government will provide additional reimbursement or additional funding beyond that described above to offset any of the above expenses, or whether the

extent of such funding will be sufficient to cover the entire cost. The circumstances described above are not unique to the District and will be considerations for all community college districts in the State.

The District has the ability to rely on interfund borrowing and its existing reserves, as well as the issuance of tax and revenue anticipation notes (“TRANs”) to manage cash flow. Community college districts may also hold reserves in their local operating accounts, and as part of its preparation of its budget for fiscal year 2024-25, the District evaluated its reserves for the next and future fiscal years. The District satisfied all State requirements for fiscal year 2023-24.

*Effect of the COVID-19 Pandemic on State Funding of Community College Districts. The Bonds are general obligations of the District payable solely from ad valorem property taxes and are not payable from the general fund of the District or from any amounts received from the State discussed below. The impacts set forth below will affect most, if not all, community college districts in the State.*

Fiscal Year 2020-21 State Budget Showed Significant Declines in State Revenues and 2020-21 State Budget Solutions. In the 2020-21 State Budget, the State anticipated approximately an overall 7% decline in State revenues, which without other action, would have resulted in an approximately \$10 billion reduction in spending from the Proposition 98 minimum guarantee set forth the 2019-20 State Budget. The 2020-21 State Budget offset this loss in several ways, including the deferral of approximately \$12.9 billion in payments into the 2021-22 fiscal year to preserve programs for school districts and community college districts and draws of approximately \$8.8 billion in reserves from the Budget Stabilization Account, or the State’s “rainy day fund” (the “BSA”), Safety Net Reserve and Public School System Stabilization Account (“PSSSA”). While the 2020-21 State Budget sought to restore up to an approximate of \$11.1 billion in the event federal funds were received by October 15, 2020, with the specific amount depending on the amount of federal funding received, the State Department of Finance indicated that these funds were not received by the October 15 deadline, and the federal government had not enacted legislation to provide additional federal funding to the State as of that date. However, the Governor’s 2021-22 State Budget indicated significant improvements to State revenues and a proposed elimination of all such deferrals in 2021-22.

Emergency Conditions Allowance. During certain emergency conditions, State regulations provide that a community college district may be provided an “emergency conditions allowance,” calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district’s general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the Chancellor that the district made good faith efforts to avoid material decreases in general purpose apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the “Board of Governors”), on March 16, 2020, granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant was in addition to standing emergency powers the Chancellor has to hold community college districts financially harmless in the wake of campus closures.

Potential Effect of COVID-19 on Funding of PERS and STRS. Declines in investment earnings as a result of COVID-19 may lead to increases in required District contributions to PERS and STRS. The District is unable to predict the likelihood or the amount of such increases on its contributions to STRS or PERS.

Executive Orders and Legislation. Governor Newsom enacted a number of executive orders and the State Legislature also adopted legislation in response to the COVID-19 pandemic, and additional executive orders or legislation may be enacted in response to future outbreaks. The District cannot predict the nature or content of such orders, or the effect they will have, if any, on its operations or finances. In addition, certain of these executive orders have been challenged in the courts by affected plaintiffs. The District cannot predict the outcome of any such litigation or whether any resulting change to any executive order will affect the funding of community college districts in the State, including the District.

***Federal Response to the COVID-19 Pandemic.*** On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) was signed into law, which among other things, provided approximately \$14.25 billion for postsecondary education, including community college districts in the State. The CARES Act also waived a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. Funding from the CARES Act was based on a formula consisting of 75% of FTES receiving PELL grants and 25% of all FTES.

The Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) enacted in late December 2020, provided additional federal funding to support institutions of higher education.

On March 11, 2021, the President of the United States signed into law a \$1.9 trillion COVID-19 relief package referred to as the American Rescue Plan Act of 2021 (“ARPA”).

Currently, the District has no remaining unspent federal COVID relief funds. The District currently has approximately \$512,000 remaining COVID relief funds provided by the State.

***Additional Information.*** Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Federal, State and local government websites, including but not limited to the CDC (<https://www.cdc.gov/coronavirus/2019-nCoV/index.html>), the Governor’s office (<http://www.gov.ca.gov>), the California Department of Public Health (<http://covid19.ca.gov/>), and the Office of the Chancellor of California Community Colleges (<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus>). *The District has not incorporated by reference the information on such websites into this notice and the District does not assume any responsibility for the accuracy of the information on such websites.*

## **Retirement Systems**

The District participates in the State Teachers’ Retirement System (“STRS”). This plan covers all full-time certificated and some classified District employees. The District’s employer contribution to STRS was \$8,274,678 for fiscal year 2022-23, which included on-behalf payments made by the State, and is projected to be \$8,530,663 for fiscal year 2023-24, and \$9,149,775 for fiscal year 2024-25.

The District also participates in the State Public Employees’ Retirement System (“PERS”). This plan covers all classified personnel who are employed four or more hours per day. The District’s employer contribution to PERS was \$5,699,105 for fiscal year 2022-23, which included on-behalf payments made by the State, and is projected to be \$6,663,574 for fiscal year 2023-24, and \$7,102,612 for fiscal year 2024-25.

*The information set forth below regarding STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriter or the Municipal Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor. Furthermore,*

*the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities.*

Both PERS and STRS are operated on a statewide basis. The PERS and STRS defined benefit programs are funded through a combination of investment earnings and contributions by members, employees and the State. Both PERS and STRS have substantial State unfunded actuarial liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District contribution rates to PERS can vary annually depending on changes in actuarial assumption and other factors, such as liability. Unlike typical defined benefit programs, prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of STRS increased significantly. The District is unable to predict what the STRS program liabilities will be in the future.

Declines in investment earnings, as a result of COVID-19 or other market forces, may lead to increases in District contributions to each of these retirement systems. The District is unable to predict the likelihood or the amount of such increases on its contributions to STRS or PERS.

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately \$275 million. The contributions would increase in subsequent years, reaching more than \$5 billion annually. Then Governor Brown expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget included \$3.1 billion for state contributions to STRS, which reflects action by the STRS board to increase state contributions by 0.5% of teacher payroll. The 2019-20 State Budget included approximately \$3.3 billion for State contributions to STRS and PERS. However, the 2020-21 State Budget redirected approximately \$2.3 billion of this amount to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22, reducing the STRS employer rate from 18.41% to approximately 16.15% in fiscal year 2020-21, and from 17.9% to approximately 16.92% in fiscal year 2021-22, and reducing the PERS employer rate from 22.67% to approximately 20.7% in fiscal year 2020-21, and from 24.6% to approximately 22.84% in fiscal year 2021-22. For fiscal year 2022-23, the State Teachers' Retirement Board adopted a 10.85% supplemental contribution rate resulting in a total employer contribution rate of 19.10%. The employer contribution rate for fiscal year 2023-24 was 19.10% and the rate will continue to be 19.10% for fiscal year 2024-25.

**STATE OF CALIFORNIA  
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS**

<b>Name of Plan</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets<sup>(3)</sup></b>	<b>Actuarial Obligation</b>	<b>Unfunded Actuarial Accrued Liability<sup>(4)</sup></b>	<b>Funded Ratio (Market Value)</b>	<b>Funded Ratio (Actuarial Value)</b>
Public Employees’ Retirement Fund Schools Pool (PERS) <sup>(1)</sup>	\$79.385 billion	—	\$116.982 billion	\$37.596 billion	67.9%	—
State Teachers’ Retirement Fund Defined Benefit Program (STRS) <sup>(2)</sup>	\$299.148 billion	\$273.155 billion	\$359.741 billion	\$86.586 billion	76.2%	75.9%

Figures as of June 30, 2023.

<sup>(1)</sup> As of June 30, 2023, the PERS provided pension benefits to 1,446,497 active and inactive program members and 791,514 retirees, beneficiaries, and survivors.

<sup>(2)</sup> As of June 30, 2023, the STRS Defined Benefit Program had approximately 693,124 active and inactive program members and 328,932 retirees and benefit recipients.

<sup>(3)</sup> PERS no longer uses an actuarial value of assets and only uses the market value of assets.

<sup>(4)</sup> The PERS unfunded actuarial accrued liability is based on the market value of assets and the STRS unfunded actuarial accrued liability is based on the actuarial value of assets.

Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2022-23, PERS Schools Pool Actuarial Valuation, as of June 30, 2023 and STRS Comprehensive Annual Financial Report 2022-23.

*California State Teachers’ Retirement System.* STRS is a defined benefit program and member benefits are determined pursuant to the California Education Code and are generally determined based on a member’s age, final compensation and years of credited service. As a result of the California Public Employees’ Pension Reform Act of 2013 (Chapter 296, Statutes of 2012), there are two benefit structures for members that apply according to the members’ first date of hire to perform STRS creditable activities. Members first hired on or before December 31, 2012 are 100% vested in retirement benefits after 5 years of credited service and are eligible for “normal” retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the California Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to \$400 per month. Members first hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Additional benefits under both benefit structures include a 2% cost of living increase (computed on a simple, non-compounded basis, based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit.

Prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, the combined employer, employee and State contributions to STRS were not sufficient to pay actuarially required amounts. Assembly Bill 1469 (“A.B. 1469”), enacted in connection with the adoption of the 2014-15 State budget authorized shared contribution increases among the program’s three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties were incrementally phased-in over the next several years, with the first increases having taken effect on July 1, 2014. The rate increases authorized by A.B. 1469 are projected to fund the STRS Defined Benefit Program fully in thirty-two (32) years.



Employer contribution rates, including those of the District, increased through fiscal year 2020-21. As of fiscal year 2021-22 and each fiscal year thereafter, employer contribution rates will be set by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The State contributions are set pursuant to the California Education Code. As of July 1, 2022, the State contributed 8.328% of members' annual earnings to the defined benefit plan for fiscal year 2022-23 and will contribute 8.328% for fiscal year 2023-24. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2023-24. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2023-24 and will be 10.205% for fiscal year 2024-25.

The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the defined benefit plan. The STRS actuarial consultant determines the actuarial value of the defined benefit plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

In February 2017, the State Teacher's Retirement Board voted to revise the actuarial methods and assumptions beginning with the STRS Defined Benefit Program for fiscal year 2016. The actuarial assumptions set forth in the 2016 STRS actuarial valuation use a 7.25% investment rate of return for measurements as of June 30, 2016 and an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% wage growth, and 2.75% inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The Defined Benefit Program of the California State Teachers' Retirement System, June 30, 2023 Actuarial Valuation (the "2023 STRS Actuarial Valuation") states that for fiscal year 2022-23 the funded ratio increased by 1.5% over the previous year, mainly due to the expected year-to-year change attributable to contributions received to pay down the unfunded actuarial obligation and the new assumptions (primarily the mortality assumption change) that were adopted for use with the 2023 STRS Actuarial Valuation.

*California Public Employees' Retirement System.* PERS is a defined benefit program and member benefits are determined pursuant to the Public Employees' Retirement Law and are generally determined based on a member's age, final compensation and years of credited service.

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2023-24, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA members is 7.0% of monthly salary. The employer contribution rate increased from 25.37% of covered payroll for fiscal year 2022-23, to 26.68% of covered payroll for fiscal year 2023-24.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period

with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2014 actuarial valuations. These valuations were performed in early 2015 and set employer contribution rates for the fiscal year 2015-16.

The actuarial methods and assumptions used for determining the rates are based on those adopted by the PERS Board of Administration. At its December 21, 2016 meeting, the PERS Board of Administration approved a discount rate assumption decrease from its current rate of 7.50% to 7.00% over the next three (3) years. For the School Pool, the discount rate was lowered for the first time to 7.375% effective with the June 30, 2017 actuarial valuation (the “2017 PERS Schools Pool Actuarial Valuation”), impacting the Schools Pool employer contribution rates beginning in fiscal year 2018-19. The discount rate was lowered further to 7.25% for the June 30, 2018 actuarial valuation, to 7.00% for the June 30, 2019 actuarial valuation and lowered again to 6.8% for the June 30, 2021 actuarial valuation. Lowering the discount rate results in increases in both the normal cost and the accrued liabilities which results in higher required employer contributions. The District cannot predict how these changes will affect its future contribution levels.

On December 20, 2017, the PERS Board of Administration adopted new actuarial demographic assumptions to update various assumptions including mortality, retirement rates and inflation. These new assumptions were applied beginning with the June 30, 2018 valuation for the schools pool, setting employer contribution rates for fiscal year 2019-20. As a result, the June 30, 2019 actuarial valuation assumed a reduced inflation rate of 2.50% per year and reduced payroll growth of 2.75% per year. The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2019 (the “2019 PERS Schools Pool Actuarial Valuation”) is the “Individual Entry Age Normal Cost Method.” At its February 12, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS employed an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy was used for the first time in the June 30, 2019 actuarial valuations.

The release of the 2022 PERS Schools Pool Actuarial Valuation (the “2022 PERS Schools Pool Actuarial Valuation”) reflects projections for future employer contribution rates of 26.68%, 27.8%, 28.5%, 28.9%, 30.3% and 30.1% in fiscal years 2023-24, 2024-25, 2025-26 2026-27, 2027-28, and 2028-29, respectively. However, the employer contribution rates for future fiscal years were adjusted due, in part, to the negative return on investments for fiscal year 2021-22, as discussed below.

CalPERS reported a negative 6.1% net return on investments for fiscal year 2021-22, it’s first negative return on investments since fiscal year 2008-09, on July 20, 2022. This negative return on investments was less than the assumed 6.80% annual rate of returns on investments and resulted in a \$12.4 billion investment loss. Continual negative returns on investments may result in increased employer contribution rates above the currently assumed increases. The District is unable to anticipate or predict the impact of future events (State, national or otherwise) on investment returns and employer contribution rates and no assurances can be given that the District’s required CalPERS contributions will not increase in the future.

On April 15, 2024, the CalPERS Finance and Administration Committee of the Board was presented with a summary of the CalPERS Schools Pool Actuarial Valuation as of June 20, 2023 (the “2023 PERS Schools Pool Actuarial Valuation”), which will be released later this year. The summary reports that from June 30, 2022 to June 30, 2023, the funded ratio of the CalPERS Schools Pool decreased by 0.4% and the unfunded actuarial liability increased by \$3.0 billion due primarily to greater-than-expected salary increases in fiscal year 2022-23. Additionally the summary reports an accrued liability of

approximately \$124.9 billion, a market value of assets of \$84.3 billion, and a funded ratio of 67.5%. The 2023 PERS Schools Pool Actuarial Valuation summary also reflects projections for future employer contribution rates of 27.0%, 27.6%, 28.0%, 29.2%, 29.0 and 28.8% in fiscal years 2024-25, 2025-26 2026-27, 2027-28, 2028-29 and 2029-30 respectively. The summary bases these projections on an expected actual investment return of 6.80% for fiscal year 2023-24, however the actual contribution requirements for the projected years may differ if the actual investment return is not 6.80%.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from [www.calstrs.com](http://www.calstrs.com) or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from [www.calpers.ca.gov](http://www.calpers.ca.gov) or by written request mailed to the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. The District's aggregate proportionate share of net pension liability for STRS and PERS was \$80,017,890 as of June 30, 2023. See APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023" and Note 13 therein for additional information concerning STRS and PERS contained in the notes to said financial statements.

***Pension Reform Act of 2013 (Assembly Bill 340)***. On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which amended various sections of the California Education and Government Codes. AB 340 (i) increased the retirement age for new State, school, and city and local agency employees depending on job function, (ii) capped the annual PERS and STRS pension benefit payouts, (iii) addressed abuses of the system, and (iv) required State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, had a five-year window to negotiate compliance with AB 340 through collective bargaining. A city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a

larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) and through the STRS website at [www.calstrs.com](http://www.calstrs.com). The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

***GASB Statement Nos. 67 and 68.*** In 2012, GASB approved two revised standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revised and established additional financial reporting requirements for most governments that provide their employees with pension benefits. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements); (ii) more components of full pension costs being shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates being required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements, which generally would increase expenses; and (v) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15. See APPENDIX C for additional information.

### **Post-Employment Benefits**

In 2004, GASB pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which became effective for the District in fiscal year 2008-09. The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits.

In 2015, GASB voted to approve a standard that aimed to improve the accounting and financial reporting for OPEB by state and local governments. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("Statement Number 75") requires the recognition of the entire OPEB liability, new disclosures and notes in financial reporting, supplemental information, and a more comprehensive measure of OPEB expense. These changes followed a

comprehensive review of the effectiveness of preexisting standards of accounting and reporting. GASB expects that the requirements of Statement Number 75 will improve the decision-usefulness of financial information and will enhance its value for assessing accountability and inter-period equity. Statement Number 75 replaced Statement Number 45 and became effective beginning in fiscal year 2017-18.

Currently, the District has entered into agreements with current and former employees to provide health benefits until a certain age (the “Plan”). The length of coverage depends on total years of service to the District. The alternative retirement option provides \$2,500 maximum per year as a lifetime benefit. The amount of the liability can be estimated using various methods, but there are many unknown factors, such as inflation and number of retirees. In addition, because retirees have an option, it is difficult to know what option will be selected at retirement. Based on the Actuarial Study of Retiree Health Liabilities as of June 30, 2022, (the “2022 Actuarial Study”), the actuarial accrued liability of the Plan was estimated at \$19,594,589 and the actuarial value of assets was \$17,229,734. Based on the 2022 Actuarial Study, the estimated “pay-as-you-go” cost for the District is \$1,255,451. During 2023-24, total expenditures under the Plan are estimated to be \$1,627,348 and projected expenditures for 2024-25 are anticipated to be budgeted at \$1,922,693.

The District has established an irrevocable trust in connection with the Plan and has chosen to prefund retiree health benefits based upon the 2022 Actuarial Study, copies of which are available upon request from the District. See “OTHER INFORMATION.” The following table identifies the principal assumptions used in the 2022 Actuarial Study.

Actuarial cost method	Entry age normal
Interest rate assumption	5.35%
Projected salary increase assumption	2.75%
Health inflation assumption	4%
Total OPEB Liability Balance at June 30, 2022	\$18,779,181
Service Cost	1,104,405
Interest	999,755
Benefit Payments	(1,288,752)
Net Change in OPEB Liability	(815,408)
Total OPEB Liability Balance at June 30, 2023	<u>\$19,594,589</u>

As of June 30, 2023, the District’s audited financial statements reflected a net position of \$17,229,734 in respect to the Plan. See APPENDIX C – “Notes to Financial Statements – Note 11 – Aggregate Net Other Postemployment Benefits (OPEB) Liability.” In addition to Plan assets, as of June 30, 2023, the District had set aside funds in its Retiree Health Fund of \$4,804,524.

## **FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA**

### **Major Revenues**

*General.* On September 29, 2006, the Governor signed into law Senate Bill No. 361 (“SB 361”) which established the formulas for allocating general-purpose apportionments to California community college districts beginning in fiscal year 2006-07. SB 361 required the Board of Governors of the California Community Colleges (the “Board of Governors”) to develop criteria and standards in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts’ need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding based on the number of credit and noncredit FTES in each district.

SB 361 specified that, commencing with the 2006-07 fiscal year, the marginal amount of credit revenue allocated per credit FTES would not be less than \$4,367, noncredit instruction would be funded at a uniform rate of \$2,626 per FTES, and career development and college preparation would be funded at a rate of \$3,092 per FTES, each subject to cost of living adjustments in the budget act in subsequent fiscal years.

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the district. Property taxes and student enrollment fees are applied towards fulfilling the district's financial needs. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the Legislature to the districts. The sum of the property taxes, student enrollment fees, and State aid generally comprise a district's revenue limit.

A small part of each community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income and non-resident tuition. Every community college district receives the same amount of lottery funds per pupil from the State. The initiative authorizing the lottery does require the funds to be used for instructional materials, and prohibits their use for capital purposes.

***Student Centered Funding Formula.*** In connection with the 2018-19 State Budget, beginning in fiscal year 2018-19, the State began implementation of the Student Centered Funding Formula (the "SCFF") included in State Assembly Bill 1809 ("A.B. 1809"). The SCFF established a three-pronged structure for addressing the unique funding challenges facing community college districts within the State. Under the SCFF, community college districts receive: (a) a base allocation structured on the total number of enrolled students, (b) a supplemental allocation, which is determined based on the number of financially restricted enrolled students (calculated by the number of students receiving Pell Grants, California College Promise Grants or certain fee waivers, with the potential for duplicate funding for students receiving more than one of the qualifying grants or waivers), and (c) a student success allocation, which is structured based on the number of certificates and degrees awarded to students, the number of transfers to four-year universities/colleges, and the percentage of students who earn a living wage in their region within a year of college completion. The student success allocation also analyzes the number of financially restricted students who complete degree or certificate programs to determine eligibility for additional funding.

As originally designed, the new formula was to be implemented in three phases, which began in fiscal year 2018-19 and over the next three fiscal years was to reduce the base allocation from 70% of funding to 60%. However, in connection with the enactment of the 2019-20 State Budget, a base allocation of 70% was maintained, with 20% provided by the supplemental allocation and 10% provided by the student success allocation. In addition, minimum funding levels for FTES were set for each of these periods. See "CITRUS COMMUNITY COLLEGE DISTRICT – District Enrollment" above for the District's FTES for the current and prior fiscal years.

Additionally, A.B. 1809 established "hold-harmless" provisions for community college districts. Such provisions ensured that in fiscal years 2018-19 through 2021-22, community college districts did not receive less total apportionment funding under the new SCFF than they received in fiscal year 2017-18 when adjusted for cost-of-living. In fiscal year 2022-23, these provisions were extended through fiscal year 2024-25, after which a district's "hold harmless" will become its new base apportionment funding level.

The SCFF, the funding levels therein, the hold harmless provisions and other provisions thereof may be subject to future adjustment through the State budget process in future fiscal years or other supplemental legislation. To date, the District has not needed to rely on the hold harmless feature of the SCFF. Future adjustments to SCFF in subsequent fiscal years will be subject to appropriation in the State Budget for such fiscal years.

*Budget Procedures.* On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Office of the Chancellor of the California Community Colleges (the “Chancellor’s Office”), submits to the Department of Finance (“DOF”) proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals, involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the Legislature. The Governor’s proposed State budget is then analyzed and discussed in committees, and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she supports. The law requires the Legislature to submit its approved budget by June 15. State law requires the Governor to announce his or her line item reductions and sign the State budget by June 30.

In response to growing concern for accountability, the statewide Board of Governors and the Chancellor’s Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California’s community college districts. In accordance with statutory and regulatory provisions, the Chancellor of the California Community Colleges (the “Chancellor”) has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district’s financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of the district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources, and (2) taking appropriate and timely follow-up action to bring about improvement in a district’s financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district’s financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district’s financial condition, the Chancellor will pay special attention to each district’s general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor’s Office where financial solutions to the district’s problems will be addressed and implemented.

### **Proposition 98**

*General.* In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (“Proposition 98”). Proposition 98 changed State funding of public education below the university level, and the operation of the State’s Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, “K-14”).

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In 1989, the Legislature and the Governor last utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

*Application of Proposition 98.* The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of \$1.3 billion during fiscal year 1990-91, \$1.1 billion during fiscal year 1991-92, \$1.3 billion during fiscal year 1992-93 and \$787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling \$1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

### **State Assistance**

The principal funding formulas and revenue sources for school and community college districts are derived from the budget of the State. **The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriter, Bond Counsel, Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District, the County, Bond Counsel, Disclosure Counsel nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including**



[www.dof.ca.gov](http://www.dof.ca.gov). This website is not incorporated herein by reference and neither the District nor the Underwriter makes any representation as to the accuracy of the information provided therein.

## **Fiscal Year 2024-25 State Budget**

**Introduction.** On June 26, 2024, Governor Gavin Newsom signed the fiscal year 2024-25 budget (the “2024-25 State Budget”). In addressing a \$46.8 billion deficit, the 2024-25 State Budget maintains a multiyear fiscal structure providing positive balances in the State’s operating reserve, the Special Fund for Economic Uncertainties (“SFEU”), not only in the 2024-25 fiscal year, but also for fiscal year 2025-26. The 2024-25 State Budget includes commitments to support future budget resilience with agreements for additional legislation requiring the State to set aside a portion of anticipated surplus funds to be allocated in a subsequent budget act and adding further fiscal protections so that the State does not commit certain amounts of future anticipated revenues until those revenues have been realized. The 2024-25 State Budget addresses the \$46.8 billion deficit through a mix of broad-based solutions, which includes, \$16.0 billion in reduced funding for various items (including a reduction of approximately \$500 million from the California Student Housing Revolving Loan Program and an ongoing reduction of \$110 million in middle-class scholarships beginning in fiscal year 2025-26), \$13.6 billion from additional revenue sources and internal borrowing from special funds, \$6.0 billion in withdrawals from reserves, \$6.0 billion in shifting certain expenditures from the General Fund to other funds, \$3.1 billion from delayed programs, and \$2.1 billion from payment deferrals.

The 2024-25 State Budget projects State general fund revenues in the amount of \$189.4 billion in fiscal year 2023-24 and \$212.1 billion in fiscal year 2024-25. State general fund expenditures for fiscal year 2024-25 are expected to be \$211.5 billion (a decrease of approximately \$11.6 billion from fiscal year 2023-24 general fund expenditures), of which \$81.3 billion (38.4 percent) is allocated to K-12 education and \$23.5 billion (11.1 percent) is allocated to higher education. The 2024-25 State Budget projects that the State will end fiscal year 2023-24 with a balance of approximately \$26.3 billion in budgetary reserves (comprised of approximately \$2.9 billion in the SFEU, \$900 million in the Safety Net Reserve and \$22.6 billion in the BSA). Further, the 2024-25 State Budget projects that the State will end fiscal year 2024-25 with an approximately \$22.2 billion reserve balance (comprised of approximately \$3.5 billion in the SFEU, \$1.1 billion in the PSSSA and \$17.6 billion in the BSA). In addition to the balance of \$3.5 billion in the SFEU in fiscal year 2024-25, the 2024-25 State Budget includes a positive SFEU in fiscal year 2025-26 of \$1.5 billion, putting the State on more solid fiscal footing by balancing the budget through the next two fiscal years.

Over the past decade, the State has built historic levels of reserves to better prepare for economic downturns and to mitigate against the volatility in the State’s revenue structure. In particular, the BSA met its constitutional maximum mandatory deposit limit of 10% of General Fund tax proceeds under the 2023-24 State Budget. The 2024-25 State Budget utilizes funds from the BSA, but does so over the next two fiscal years, assuming the use of approximately \$5.1 billion in fiscal year 2024-25 and approximately \$7.1 billion in fiscal year 2025-26. Spreading the use of the BSA over two fiscal years allows more of the structural budget issues to be addressed in fiscal year 2024-25 and provides greater budget resiliency.

The 2024-25 State Budget maintains core programs serving millions of the State’s most vulnerable populations, which includes funding the minimum Proposition 98 guarantee for education at \$115.3 billion (\$82.6 billion from the General Fund) for fiscal year 2024-25 for Pre-K-12 schools and community colleges.

**Higher Education.** The 2024-25 State Budget reflects a continued focus toward achieving the goals of the multiyear compacts with the University of California (“UC”), the California State University (“CSU”) and the California Community Colleges (“CCC”), which outline shared goals that include

increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration and supporting workforce preparedness and high-demand career pipelines.

The 2024-25 State Budget proposes total funding of \$44.6 billion (\$28.3 billion from the General Fund and local property tax and \$16.3 billion from other funds) for the higher education segments of education and the California Student Aid Commission in fiscal year 2024-25.

California Community Colleges. The 2024-25 State Budget includes the following significant adjustments for CCCs:

*Base Adjustments:*

- Apportionments Cost-of-Living Adjustment and Growth — An increase of approximately \$100.2 million ongoing Proposition 98 General Fund to reflect a cost-of-living adjustment for apportionments of 1.07 percent, and an increase of approximately \$28.1 million ongoing Proposition 98 General Fund expenditures to support 0.5 percent enrollment growth.
- Budget Year Student-Centered Funding Formula (“SCFF”) Apportionments — An increase of approximately \$22.1 million one-time Proposition 98 General Fund expenditures to support SCFF costs in fiscal year 2024-25.
- Current Year SCFF Apportionments— An increase of approximately \$545.8 million one-time PSSSA expenditures to support SCFF costs for fiscal year 2023-24.
- SCFF Deferrals — The 2024-25 State Budget reflects SCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately \$446.4 million and from fiscal year 2024-25 to fiscal year 2025-26 of approximately \$243.7 million. Additionally, the 2024-25 State Budget reflects approximately \$241.8 million in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferred amounts being repaid using PSSSA resources; \$217.7 million of the repayment will be applied to support the SCFF for fiscal year 2023-24.

*CCC Categorical Programs Cost of Living Adjustment (“COLA”)* — An increase of \$13.1 million ongoing Proposition 98 General Fund expenditures to provide a 1.07 percent COLA for select categorical programs and the Adult Education Program.

*Apprenticeships* — A one-time increase of approximately \$1.1 million Proposition 98 General Fund expenditures to support prior years' apprenticeship program costs.

*Local Property Tax Adjustment* — A decrease of \$256.7 million ongoing Proposition 98 General Fund expenditures as a result of increased offsetting local property tax revenues.

*Higher Education Student Housing* — Establishes a statewide lease revenue bond program to support the construction of 13 community college affordable student housing facilities.

*One-time and Limited-Term Investments*

- Nursing Program Support — \$60 million one-time Proposition 98 General Fund expenditures per year for five years to support the CCC Strong Workforce Program to expand nursing

programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system.

- Support for Financial Aid Offices — \$20 million one-time Proposition 98 General Fund expenditures to support campus financial aid offices.
- E-Transcript California — \$12 million one-time Proposition 98 General Fund expenditures to support the continued development of e-Transcript California and to provide grants to districts to support local costs related to one-time connectivity, setup, and integration of the e-Transcript platform.
- Mapping Articulated Pathways for Credit for Prior Learning — \$6 million one-time Proposition 98 General Fund to support a demonstration project that will embed credit for prior learning policies into educational pathways that provide support for working adults seeking to improve their economic mobility through community college educational programs.
- Pathways for Low-Income Workers for Demonstration Project — \$5 million one-time Proposition 98 General Fund provided to support the CCC Strong Workforce Program shall be used for a demonstration project that would support the development of educational pathways for low-income working learners.

California Student Aid Commission. The California Student Aid Commission administers financial aid programs, primarily the Cal Grant program. The Cal Grant program is estimated to provide nearly 406,000 financial aid awards to students who meet specified eligibility criteria in fiscal year 2024-25.

The 2024-25 State Budget includes the following significant adjustments for the California Student Aid Commission:

*Significant Adjustments:*

- Cal Grant Program Caseload Adjustments—Estimated Cal Grant expenditures of approximately \$2.2 billion in fiscal year 2022-23, \$2.3 billion in fiscal year 2023-24, and \$2.4 billion in fiscal year 2024-25 based on the latest estimates of enrollment of Cal Grant-eligible students.
- Middle Class Scholarship Program—A one-time General Fund increase of \$289 million to support the Middle Class Scholarship program.
- Golden State Teacher Grant Program—Support for the Golden State Teacher Grant program of \$110.2 million from the General Fund and \$1.5 million in federal funds. Additionally, the 2024-25 State Budget includes statutory changes that are designed to sustain this Program through the 2024-25 fiscal year.
- Learning Aligned Employment Program—Reversion of approximately \$485 million one-time from the General Fund provided to support the Learning Aligned Employment Program through the 2021 and 2022 State Budget Acts.

**Additional Information.** Information about the State’s budget and State spending for education is regularly available at various State-maintained websites. Text of the State budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.”

Summaries and detail of the State budget process and 2024-25 State Budget may be found at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). Once available, various analyses of the 2024-25 State budget may be found at the website of the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information presented in these websites is not incorporated by reference in this Official Statement.

***Future State Budgets.*** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

### **Final State Budgets**

The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor. In certain years prior to the adoption of Proposition 25, the State's final budget was not adopted timely.

Under State law, the annual Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the State Legislature. Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K 14 education) must be approved by a two-thirds majority vote in each house of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the May revision of the State budget for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. Further State actions taken to address its budgetary difficulties could have the effect of reducing the District's support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

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## APPENDIX B

### FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Trustees  
Citrus Community College District  
1000 Foothill Boulevard  
Glendora, California 91741

Re: \$\_\_\_\_\_ Citrus Community College District General Obligation Bonds, 2020 Election, 2024 Series B

We have acted as Bond Counsel to the Citrus Community College District, County of Los Angeles, State of California (the “District”), in connection with the issuance by the District of (i) \$\_\_\_\_\_ aggregate principal amount of its General Obligation Bonds, 2020 Election, 2024 Series B (the “Bonds”).

The Bonds are issued pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “State”), as amended, (ii) applicable provisions of the Education Code of the State, as amended, (iii) Article XIIA of the State Constitution (together, the “Act”), and (iv) pursuant to the resolution adopted by the Board of Trustees of the District (the “Board”) on June 18, 2024 (the “Resolution”).

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.
2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.
3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligations of the District, enforceable in accordance with its terms. The

Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986 (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the “Tax Certificate”), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds (including any original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present State law.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.



Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS  
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Financial Statements  
June 30, 2023

# Citrus Community College District

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## Independent Auditor's Report

To the Board of Trustees  
Citrus Community College District  
Glendora, California

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Adoption of New Accounting Standard*

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities beginning net position as of July 1, 2022. Our opinions are not modified with respect to this matter.



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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary schedules on pages 63 through 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
December 7, 2023



## CITRUS COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES

**Ms. Laura J. Bollinger, *President***  
Claremont and portions of Pomona and La Verne representative

**Dr. Anthony Contreras, *Vice President***  
Azusa and portions of Duarte representative

**Dr. Patricia A. Rasmussen, *Clerk/Secretary***  
Glendora and portions of San Dimas representative

**Ms. Cheryl Alexander, *Member***  
Duarte and portions of Azusa, Monrovia, Arcadia, Covina and Irwindale representative

**Ms. Mary Ann Lutz, *Member***  
Monrovia/Bradbury and portions of Duarte representative

**Ms. Sabrina Soriano, *Student Trustee***

---

**Dr. Greg Schulz, *Superintendent/President***

### Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Citrus Community College District (the District) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

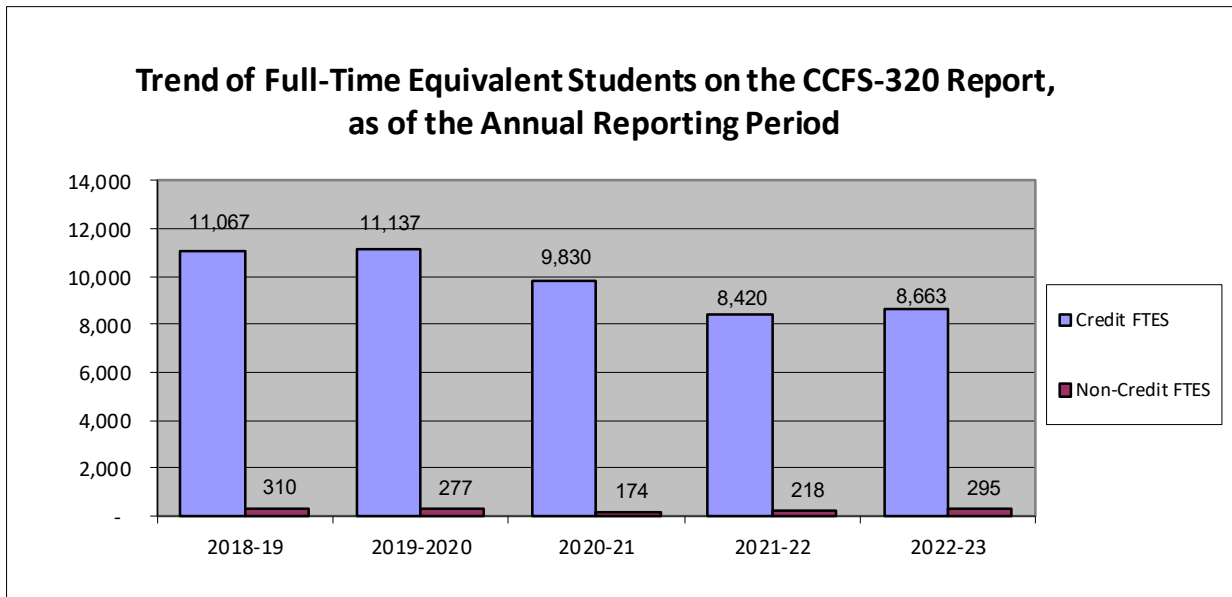
The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards prescribed by the BTA model.

The District is a public two-year community college located in Glendora, California in the Foothills of the San Gabriel Mountains. The District, which serves the communities of Azusa, Claremont, Duarte, Glendora, Monrovia and other surrounding communities, was founded in 1915. During 2022-23, the District served an unduplicated headcount of students of approximately 16,400.

Citrus College provides innovative educational opportunities and student support services that lead to the successful completion of degrees, transfer, career/technical education and basic skills proficiency. The college fosters personal and professional success through the development of critical thinking, effective communication, creativity, and cultural awareness in a safe, accessible and affordable learning community. In meeting the needs of a demographically diverse student population, Citrus College embraces equity and accountability through measurable learning outcomes, ethical data-driven decisions and student achievement.

### Selected Highlights

- The District's primary funding source is "apportionment" received from the State of California through the California Community Colleges Chancellor's Office. This funding is one component of the overall funding formula for California community colleges. The other components include the Education Protection Account, local property taxes, and student enrollment fees. For the year ended June 30, 2023, the student enrollment fee assessed to resident students remained unchanged, at \$46 per credit unit. The primary basis of this apportionment funding is the calculation of Full-Time Equivalent Students (FTES). The College's total apportionment-eligible credit and non-credit FTES reported for the 2022-23 fiscal year, as of the annual reporting period, was 8,663 and 295, respectively. This represents an overall increase in reported FTES of 3.70% over the 2021-22 fiscal year. This increase in enrollments reflects a statewide trend amongst institutions of higher education and is believed to be a result of students returning to campuses after the COVID-19 pandemic.



- During 2022-23, the District made substantial progress toward completion of the Educational Development (ED) Center modernization project. The completed project will provide for enhanced educational support facilities, updated testing and writing centers to support students, and state-of-the-art science laboratories.
- On November 3, 2020, the District's voters approved a \$298,000,000 general obligation bond measure (Measure Y) for the construction, reconstruction, rehabilitation, refinancing and replacement of facilities within the District, including the furnishing or equipping of college facilities, or the acquisition or lease of real property for college facilities, as set forth more fully in the official Measure Y ballot proposition. Measure Y was passed by a voter margin greater than the required 55% of the votes cast in favor of the bond measure, per the provisions established with the passage of Proposition 39, in November 2000. The District continues its focus on Measure Y planning efforts, to ensure a successful capital construction program.

**FINANCIAL HIGHLIGHTS**

The purpose of this section is to provide an overview of the District's financial activities. A comparative analysis is included using prior year financial information. For comparative purposes, certain prior year amounts have been reclassified for presentation purposes, to follow current year classifications.

**Financial Statement Presentation and Basis of Accounting**

The District's financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted previously are prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, providing a government-wide perspective of the District's financial position. Therefore, the financial data presented in these financial statements is a combined total of all District funds, including Student Financial Aid Programs, Associated Students Fund, Departmental Trust Fund, and the Student Representation Fee Fund. The Associated Students Fund is used to account for funds held in trust by the District for the organized student body association (ASCC), including campus clubs. The Departmental Trust Fund is used to account for funds held in trust by the District on behalf of students, clubs, donors and departments for student scholarships and departmental fundraising activities. The Student Representation Fee Fund is used to account for \$1.00 of the student representation fees assessed to students, plus an additional optional \$1.00, used for student advocacy activities on behalf of the California community college system.

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between individual fund balances reported on the June 30, 2023, Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting, is shown in the supplementary information section of the audit report.

#### **Statement of Net Position**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point in time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Lastly, the Statement of Net Position provides a picture of the net position by category of availability.

The difference between total assets, deferred outflows of resources, and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District. The Change in Net Position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position balance is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities or donors that have placed time or purpose restrictions on the use of these funds. The final category, unrestricted net position, represents the remaining net position balance. In accordance with GASB Statement No. 68, the District records its proportionate share of the CalSTRS and CalPERS aggregate net pension liability and related adjustments. Accordingly, as of June 30, 2023, the District's aggregate net pension liability, for GASB purposes, totaled \$83.3 million. As a result, the District's total net position, for reporting purposes, amounts to \$84.5 million.

The Statement of Net Position as of June 30, 2023 and 2022, is summarized below:

	2023	2022
Assets		
Current assets		
Cash, cash equivalents, and investments	\$ 190,232,742	\$ 163,610,143
Receivables, net	10,199,516	16,950,021
Inventory and other current assets	-	843,884
Total current assets	200,432,258	181,404,048
Noncurrent assets		
Capital and right-to-use subscription IT assets, net	124,724,878	126,573,075
Total noncurrent assets	124,724,878	126,573,075
Total assets	325,157,136	307,977,123
Deferred Outflows of Resources	39,130,647	34,443,979
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	15,217,491	11,795,221
Unearned revenue	17,873,368	9,264,883
Current portion of long-term liabilities	15,855,449	14,883,849
Total current liabilities	48,946,308	35,943,953
Noncurrent liabilities		
Noncurrent portion of long-term liabilities	217,534,043	206,204,477
Total liabilities	266,480,351	242,148,430
Deferred Inflows of Resources	13,260,661	37,107,459
Net Position		
Net investment in capital assets	45,503,256	32,749,022
Restricted	79,183,028	75,350,970
Unrestricted deficit	(40,139,513)	(44,934,779)
Total net position	\$ 84,546,771	\$ 63,165,213

- Approximately 96% of the cash, cash equivalents, and investments balance is comprised of cash deposited with the Los Angeles County Treasurer's Educational Investment Pool. The overall balance in this account, as of June 30, 2023, is \$182.9 million. The increase in the account is primarily due to the receipt of funding of the COVID-19 Recovery Block Grant and HEERF funding.
- The decrease in receivables, net is primarily due to the receipt of HEERF funding from a 2021-22 fiscal year receivable related to HEERF expenditures that were incurred during the prior fiscal year.
- The increase in accounts payable and accrued liabilities is primarily due to the state's take-back of a portion of deferred maintenance funding that was previously received in the 2021-22 fiscal year.
- The increase in unearned revenue is due to a deferral of the remaining, unspent funds as of June 30, 2023, from the COVID-19 Recovery Block Grant.
- The change in Deferred Inflows of Resources is due to the District's proportional share of net pension liabilities. Note 10 of the financial statements provides additional information related to Employee Retirement Systems.

#### **Statement of Revenues, Expenses, and Change in Net Position**

Change in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Change in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not by the District, the operating and nonoperating expenses incurred, whether paid or not by the District, and any other revenues, expenses, gains or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

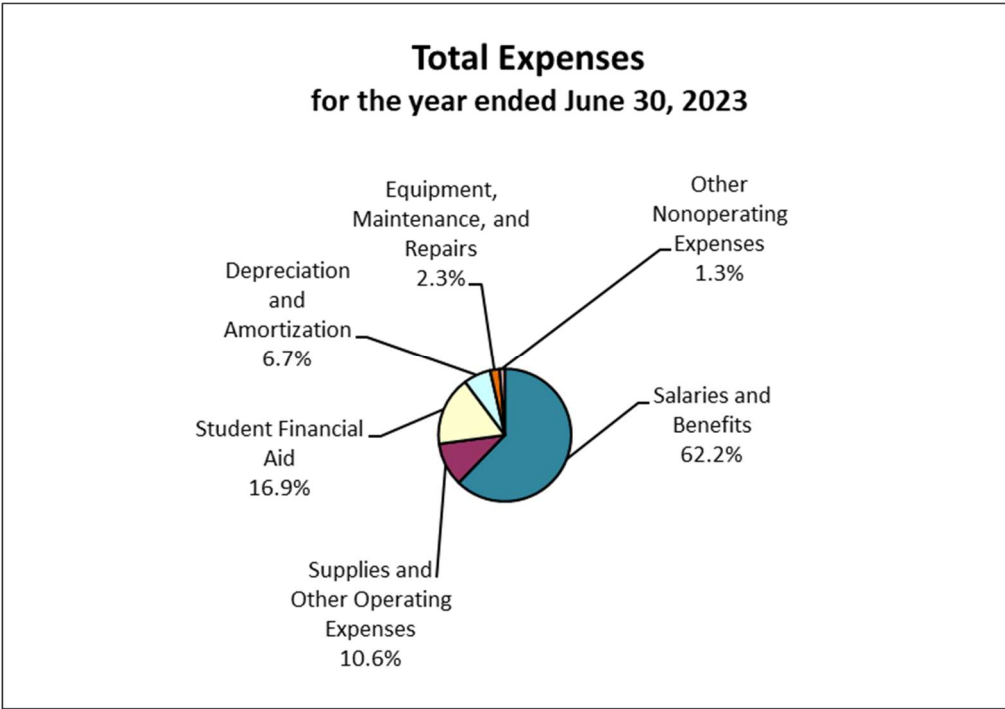
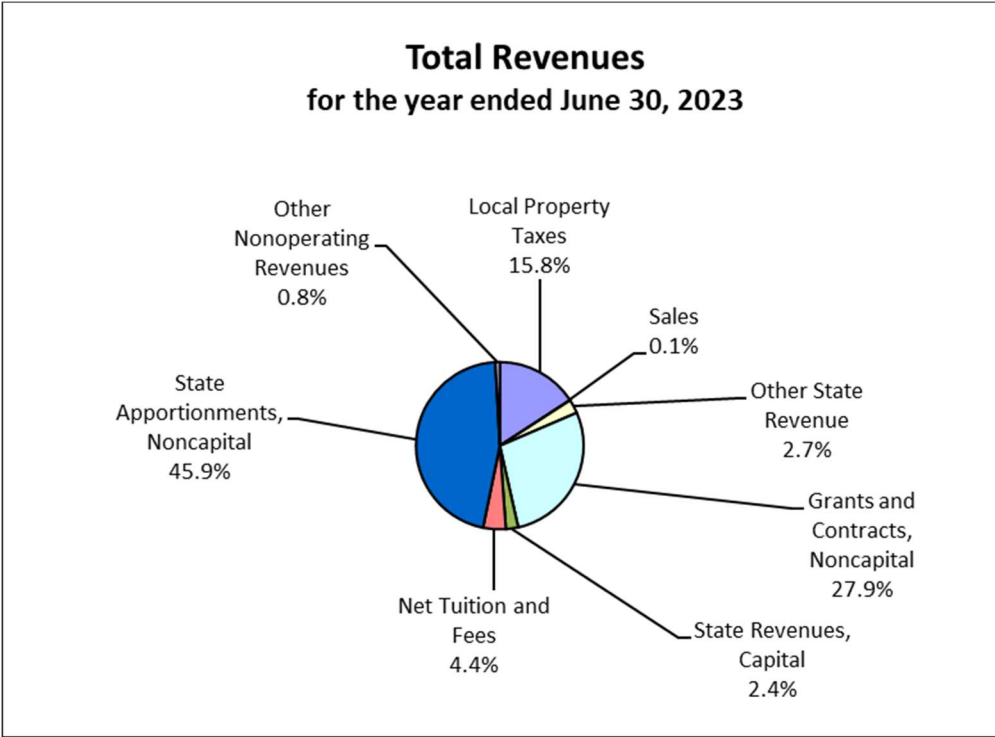
Generally, operating revenues are earned for providing goods and services to the various customers and constituents of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.



The Statement of Revenues, Expenses, and Change in Net Position for the years ended June 30, 2023 and 2022, is summarized below:

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Tuition and fees, net	\$ 7,022,389	\$ 6,045,515
Grants and contracts, noncapital	22,990,381	36,231,643
Auxiliary sales and charges	<u>132,572</u>	<u>659,491</u>
Total operating revenues	<u>30,145,342</u>	<u>42,936,649</u>
Operating Expenses	<u>137,323,946</u>	<u>130,310,846</u>
Operating loss	<u>(107,178,604)</u>	<u>(87,374,197)</u>
Nonoperating Revenues (Expenses)		
State apportionments	73,697,329	69,402,266
Property taxes	25,331,899	23,321,619
Student financial aid grants	21,796,763	32,320,399
State revenues	4,294,248	3,529,687
Net interest expense	(1,729,036)	(9,995,885)
Other nonoperating revenues	<u>1,357,259</u>	<u>1,486,405</u>
Total nonoperating revenue (expenses)	<u>124,748,462</u>	<u>120,064,491</u>
Other Revenues		
State capital income	<u>3,811,700</u>	<u>4,186,500</u>
Change in net position	<u>\$ 21,381,558</u>	<u>\$ 36,876,794</u>

- Net tuition and fees increased by approximately 16%, due to an increase in enrollments.
- The decrease in grants and contracts, noncapital, is primarily attributed to the phasing out of HEERF funding received from the U.S. Department of Education due to the COVID-19 pandemic. The majority of HEERF funding was provided in fiscal years 2019-20 through 2021-22.
- The decrease in student financial aid grants is due to the disbursement of over \$14 million in HEERF grants to students in previous years, to provide relief from the COVID-19 pandemic. By June 30, 2022, the District had exhausted most of its emergency financial aid funding.
- The increase in state revenues is primarily due to an increase in state general apportionment funding.
- The increase in net interest expense is due to the fair market value of the District's cash in county investment fund through the Los Angeles County Educational Investment Pool, resulting from fluctuating market rates.



The District's operating expenses by functional classification for the fiscal year ended June 30, 2023, were:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	\$ 42,664,920	\$ 1,042,702	\$ -	\$ 720,053	\$ -	\$ 44,427,675
Academic support	3,492,705	300,656	-	42,463	-	3,835,824
Student services	15,527,736	1,524,605	-	75,908	-	17,128,249
Plant operations and maintenance	4,775,209	3,336,445	-	98,249	-	8,209,903
Instructional support services	12,821,899	5,564,807	-	742,862	-	19,129,568
Community services and economic development	1,159,199	52,907	-	1,786	-	1,213,892
Ancillary services and auxiliary operations	4,944,431	2,159,718	-	76,101	-	7,180,250
Student aid	-	-	23,535,520	-	-	23,535,520
Physical property and related acquisitions	1,147,136	813,282	-	1,465,912	-	3,426,330
Unallocated depreciation and amortization	-	-	-	-	9,236,735	9,236,735
<b>Total</b>	<b>\$ 86,533,235</b>	<b>\$ 14,795,122</b>	<b>\$ 23,535,520</b>	<b>\$ 3,223,334</b>	<b>\$ 9,236,735</b>	<b>\$ 137,323,946</b>

### Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Change in Net Position.

A summarized Statement of Cash Flows for the years ended June 30, 2023 and 2022, is summarized below:

	2023	2022
Net Cash Flows from		
Operating activities	\$ (83,019,455)	\$ (93,835,065)
Noncapital financing activities	109,027,997	121,070,400
Capital financing activities	(178,935)	53,404,553
Investing activities	539,684	(5,624,477)
Change in Cash and Cash Equivalents	26,369,291	75,015,411
Cash and Cash Equivalents, Beginning of Year	159,058,927	84,043,516
Cash and Cash Equivalents, End of Year	<b>\$ 185,428,218</b>	<b>\$ 159,058,927</b>

- Net cash from noncapital financing activities decreased due to a reduction of \$10.1 million in payments to students for scholarships and grants, an increase in federal, state, and local grants non capital by \$3.6 million, a decrease in payments to or on behalf of employees totaling \$5.5 million, and an increase in other operating activities of \$1.2 million.
- The change in net cash from capital financing activities is due to the Measure Y bond and 2021 refunding bond issuances of \$72.7 million in the prior year, and principal paid on capital debt of \$13.7 million.
- Net cash from investing activities increased due to an increase in interest income.

### District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree health benefits. These amounts are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### Capital and Right-to-use Subscription IT Assets and Long-term Liabilities

#### Capital Assets

As of June 30, 2023, the District had \$124.7 million invested in net capital assets. Total capital assets of \$248.3 million consist of land; buildings and building improvements, including capitalized interest; construction in progress; vehicles; data processing equipment; and other office equipment. Accumulated depreciation and amortization related to these assets was \$123.6 million.

During the 2022-2023 fiscal year, capital additions were primarily comprised of modernization of existing facilities and investments in machinery and equipment. As of June 30, 2023, the District's construction in progress included the ED building modernization project.

Note 6 of the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation and amortization, is presented below:

	2023	2022, as restated
Land and improvements	\$ 4,054,986	\$ 4,178,063
Buildings and improvements	99,741,498	107,029,287
Machinery and equipment	5,505,219	3,870,784
Construction in progress	14,852,573	10,839,296
Right-to-use subscription IT assets, net	570,602	655,645
 Total capital and right-to-use subscription IT assets, net	 \$ 124,724,878	 \$ 126,573,075

- The increase in Machinery and equipment is primarily due technology equipment purchases.
- The increase in Construction in progress is primarily due to the ED building modernization project.

### **Long-Term Liabilities**

On March 2, 2004, a General Obligation Bond (Measure G) was passed by the voters of the Citrus Community College District. The total authorization was \$121 million. The first series for \$22 million was issued on August 25, 2004, and was scheduled to mature on August 1, 2029. The second series for \$40 million was issued on April 10, 2007, and will mature on June 1, 2031. The third series for \$30 million was issued on June 10, 2009, and will mature on June 1, 2034. On April 24, 2013, the District issued 2004 Election, 2013 Refunding Bonds for \$13 million which will mature on August 1, 2029. The fourth series, 2004 Election Series D, was issued on June 11, 2015 for approximately \$19 million, and will mature on August 1, 2038. On March 10, 2015, the District issued General Obligation Refunding Bonds, 2015 Series A for \$49 million to refund certain portions of the District's General Obligation 2004 Election Bond, 2007 Series B and 2009 Series C. These bonds will mature on August 1, 2031. With that same issuance, the District also issued 2015 Series E Bonds in the amount of \$10 million, maturing on August 1, 2035. On August 4, 2020, the District issued General Obligation Refunding Bonds, 2020 Series A, for \$42 million to refund certain portions of the District's 2004 Election, 2013 Refunding Bonds, 2004 Election Series D Bonds, 2015 Series E Bonds, and General Obligation Refunding Bonds, 2015 Series A. These bonds will mature on August 1, 2032. On November 23, 2021, the District issued \$19.7 million to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series E and 2015 General Obligation Refunding Bonds. These bonds will mature on August 31, 2031.

On November 3, 2020, the District's voters approved a \$298,000,000 general obligation bond measure (Measure Y) for the construction, reconstruction, rehabilitation, refinancing and replacement of facilities within the District, including the furnishing or equipping of college facilities, or the acquisition or lease of real property for college facilities and paying costs incident thereto, as set forth more fully in the official Measure Y ballot proposition. The first series for \$50 million was issued on November 23, 2021, and is scheduled to mature on August 1, 2046.

As of June 30, 2023, the District's long-term liability related to the bonds equals \$136.1 million. Note 7 of the financial statements provides additional information related to the Measure G and Measure Y general obligation bonds.

The District continues to maintain favorable bond ratings with Moody's of Aa1 and Standard & Poor's of AA.

Collectively, Notes 7, 8, and 10 of the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	2023	2022, as restated
General obligation bonds payable	\$ 143,536,606	\$ 158,075,614
Compensated absences and load banking	2,839,593	2,732,609
Subscription-based IT arrangements	477,408	655,645
Group term life insurance liability	612,000	687,000
Aggregate net OPEB liability	2,597,709	2,854,362
Aggregate net pension liability	83,326,176	56,083,096
 Total long-term liabilities	 233,389,492	 221,088,326
 Less current portion	 (15,855,449)	 (14,883,849)
 Total long-term portion	 \$ 217,534,043	 \$ 206,204,477

- The change in the aggregate net pension liability is based on a projection of the District’s long-term share of contributions to the pension plans, related to the projected contributions of all participating districts and the State, as actuarially determined. Note 10 of the financial statements provides additional information regarding pension liabilities.

**ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

There are certain long-term fiscal planning considerations and budget concerns that may impact the District’s future fiscal situation.

- In March 2020, the COVID-19 pandemic and related federal, state and county “stay-at-home” restrictions forced California community colleges to rapidly redesign operations, instruction, and support services, to transition to an online/remote educational and work environment. Years later, despite significant efforts aimed at restoring enrollments, the COVID-19 public health emergency’s prolonged effects on community colleges continues. In 2022-23, Citrus College served 8,958 full-time equivalent students (FTES), an increase of 3.7% over 2021-22, but still an overall decline of 21.5% from the pre-pandemic level of FTES generated in 2019-20. Additionally, since the state’s COVID-19 emergency conditions funding protections (Emergency Conditions Allowance “ECA”) for declines in FTES related to the pandemic, ended on June 30, 2023, the District’s actual FTES of 8,958 is now utilized to calculate the District’s apportionment funding. Therefore, under the state’s funding model, the College must generate over 10,000 FTES by July 1, 2027, to maintain its medium-size college status and avoid being re-benched as a small-size college for funding purposes. To mitigate these impacts, Citrus College continues to take a proactive approach to strategic enrollment management planning, incorporating enhanced support services for students, reengaging students that may have withdrawn during the pandemic, and developing new programs and services to more fully meet the needs of our communities.

- The rising California Public Employees' Retirement System (PERS) and California State Teachers' Retirement System (STRS) employer contribution rates continue to have a significant impact on the District's operations. Currently set at 26.68% and 19.1% for 2023-24, the PERS and STRS employer contribution rates have increased over 127% and 115%, respectively, since 2014-15. While STRS has not released future projections, the PERS employer contribution rate is projected to increase to 28.7% by the 2026-27 fiscal year. As of June 30, 2023, the District's PERS/STRS irrevocable trust account had a balance of \$5.1 million.
- The rising cost of healthcare continues to impact the District's operations. Since 2014-15, the District-paid healthcare premium costs have increased over 45%. The District's Benefits Committee continues to review and evaluate options related to healthcare.

Management will continue to closely monitor the State budget information and the effects of the pandemic, maintain a close watch over resources, and continue monitoring its long-range financial projections to sustain the District's ability to react to internal and external concerns.

Other than the items discussed above, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year, beyond those unknown variations having a global effect on virtually all types of business operations.

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

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional information, please contact the Vice President of Finance and Administrative Services, Citrus Community College District, 1000 West Foothill Boulevard, Glendora, CA 91741.

Citrus Community College District  
Statement of Net Position  
June 30, 2023

Assets	
Cash and cash equivalents	\$ 2,576,178
Investments	187,656,564
Accounts receivable	9,145,435
Student receivables	1,054,081
Capital and right-to-use subscription IT assets	
Nondepreciable capital assets	15,909,890
Depreciable capital assets, net of accumulated depreciation	108,244,386
Right-to-use subscription IT assets, net of accumulated amortization	<u>570,602</u>
Total capital and right-to-use subscription IT assets, net	<u>124,724,878</u>
Total assets	<u>325,157,136</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	10,725,015
Deferred outflows of resources related to OPEB	2,888,280
Deferred outflows of resources related to pensions	<u>25,517,352</u>
Total deferred outflows of resources	<u>39,130,647</u>
Liabilities	
Accounts payable	13,774,930
Accrued interest payable	1,442,561
Unearned revenue	17,873,368
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	15,855,449
Long-term liabilities other than OPEB and pensions, due in more than one year	131,610,158
Aggregate net other postemployment benefits (OPEB) liability	2,597,709
Aggregate net pension liability	<u>83,326,176</u>
Total liabilities	<u>266,480,351</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	659,459
Deferred inflows of resources related to pensions	<u>12,601,202</u>
Total deferred inflows of resources	<u>13,260,661</u>
Net Position	
Net investment in capital assets	45,503,256
Restricted for	
Debt service	15,339,613
Capital projects	46,850,436
Educational programs	3,939,968
Other activities	13,053,011
Unrestricted deficit	<u>(40,139,513)</u>
Total Net Position	<u>\$ 84,546,771</u>



Citrus Community College District  
Statement of Revenues, Expenses and Change in Net Position  
Year Ended June 30, 2023

Operating Revenues	
Tuition and fees	\$ 13,022,031
Less: Scholarship discounts and allowances	<u>(5,999,642)</u>
Net tuition and fees	<u>7,022,389</u>
Grants and contracts, noncapital	
Federal	4,020,432
State	17,433,391
Local	<u>1,536,558</u>
Total grants and contracts, noncapital	<u>22,990,381</u>
Auxiliary enterprise sales and charges	
Other enterprise	<u>132,572</u>
Total operating revenues	<u>30,145,342</u>
Operating Expenses	
Salaries	61,813,561
Employee benefits	24,719,674
Supplies, materials, and other operating expenses and services	14,795,122
Student financial aid	23,535,520
Equipment, maintenance, and repairs	3,223,334
Depreciation and amortization	<u>9,236,735</u>
Total operating expenses	<u>137,323,946</u>
Operating Loss	<u>(107,178,604)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	73,697,329
Local property taxes, levied for general purposes	8,257,139
Taxes levied for other specific purposes	17,074,760
Federal and state financial aid grants	21,796,763
State taxes and other revenues	4,294,248
Investment income, net	2,296,445
Interest expense on capital related debt	(4,087,392)
Investment income on capital asset-related debt, net	61,911
Other nonoperating revenue	<u>1,357,259</u>
Total nonoperating revenues (expenses)	<u>124,748,462</u>
Income Before Other Revenues	<u>17,569,858</u>
Other Revenues	
State revenues, capital	<u>3,811,700</u>
Change In Net Position	21,381,558
Net Position, Beginning of Year	<u>63,165,213</u>
Net Position, End of Year	<u>\$ 84,546,771</u>

Citrus Community College District  
Statement of Cash Flows  
Year Ended June 30, 2023

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Cash Flows from Operating Activities	
Tuition and fees	\$ 7,895,029
Federal, state, and local grants and contracts, noncapital	39,234,796
Auxiliary sales	132,572
Payments to or on behalf of employees	(89,194,939)
Payments to vendors for supplies and services	(17,551,393)
Payments to students for scholarships and grants	(23,535,520)
Net cash flows from operating activities	<u>(83,019,455)</u>
Cash Flows from Noncapital Financing Activities	
State apportionments	73,765,107
Federal and state financial aid grants	21,796,763
Property taxes - nondebt related	8,257,139
State taxes and other apportionments	4,238,587
Other nonoperating activities	970,401
Net cash flows from noncapital financing activities	<u>109,027,997</u>
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(7,455,793)
State revenue, capital	3,811,700
Property taxes - related to capital debt	22,514,115
Principal paid on capital debt	(14,055,664)
Interest paid on capital debt	(5,175,333)
Interest received on capital asset-related debt	182,040
Net cash flows from capital financing activities	<u>(178,935)</u>
Cash Flows from Investing Activities	
Purchase of investments	(253,308)
Change in fair value of cash in county treasury	(2,406,634)
Interest received from investments	3,199,626
Net cash flows from investing activities	<u>539,684</u>
Change In Cash and Cash Equivalents	26,369,291
Cash and Cash Equivalents, Beginning of Year	<u>159,058,927</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 185,428,218</u></u>

Citrus Community College District  
Statement of Cash Flows  
Year Ended June 30, 2023

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (107,178,604)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	9,236,735
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	9,300,079
Student receivables	(791,509)
Prepaid expenses	843,884
Deferred outflows of resources related to OPEB	871,044
Deferred outflows of resources related to pensions	(6,978,304)
Accounts payable	(102,878)
Unearned revenue	8,608,485
Compensated absences	8,020
Load banking	98,964
Group term life insurance liability	(75,000)
Aggregate net OPEB liability	(256,653)
Aggregate net pension liability	27,243,080
Deferred inflows of resources related to OPEB	(101,458)
Deferred inflows of resources related to pensions	<u>(23,745,340)</u>
Total adjustments	<u>24,159,149</u>
Net cash flows from operating activities	<u><u>\$ (83,019,455)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 2,576,178
Cash in county treasury	<u>182,852,040</u>
Total cash and cash equivalents	<u><u>\$ 185,428,218</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 1,420,592
Amortization of debt premiums	\$ 1,471,986
Accretion of interest on capital appreciation bonds	\$ 617,978
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	\$ 192,427

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

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 17,229,734</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 17,229,734</u>

Citrus Community College District  
 Fiduciary Fund  
 Statement of Change in Net Position  
 Year Ended June 30, 2023

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	Retiree OPEB Trust
Additions	
District contributions	\$ 1,288,752
Interest and investment income	702,163
Net realized and unrealized gains	406,167
Total additions	2,397,082
Deductions	
Benefit payments	1,288,752
Administrative expenses	120,083
Total deductions	1,408,835
Change in Net Position	988,247
Net Position - Beginning of Year	16,241,487
Net Position - End of Year	\$ 17,229,734

**Note 1 - Organization**

The Citrus Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles, in the State of California, and is governed by an elected Board of Trustees. The District is comprised of one college, Citrus College. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

**Note 2 - Summary of Significant Accounting Policies****Basis of Accounting**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, such as State apportionments, property taxes, Federal and State grants, entitlements, and donations, are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the California Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

### **Accounts Receivable**

Accounts receivable include amounts due from 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 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.

### Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or acquisition 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 \$5,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred.

Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

Land improvements	20 years
Buildings and improvements	15-50 years
Machinery, equipment, and vehicles	5-25 years

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

### Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The 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 government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive a 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is also applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.



**Debt Premiums**

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

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

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

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

**Subscription-based IT Arrangements**

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District's capitalization policy includes all items with a total contract cost of \$5,000 or more. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (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. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

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

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

**Unearned Revenue**

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

**Noncurrent Liabilities**

Noncurrent liabilities include bonds payable, compensated absences, load banking, group term life insurance liability, subscription-based IT arrangements, aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$79,183,028 of restricted net position and the fiduciary fund financial statements report \$17,229,734 of restricted net position.

## Operating and Nonoperating Revenues and Expenses

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

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

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

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

## State Apportionments

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

## Property Tax

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 Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed General Obligation Bonds in March 2004 and November 2020 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bonds, 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 by the County of Los Angeles on behalf of the District.

**Scholarship Discounts and Allowances**

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

**Financial Assistance Programs**

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

**Estimates**

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

**Interfund Activity**

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

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

## Change in Accounting Principles

### Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard are included in Notes 6 and 7.

## Note 3 - Deposits and Investments

### Policies and Practices

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

Investment in County Treasury - In accordance with the California Community Colleges' *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 the 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 are recorded on an amortized cost basis.

### General Authorizations

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

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

### Authorized Under Debt Agreements

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

### Summary of Deposits and Investments

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

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 1,635,031	\$ -
Cash in revolving	63,000	-
Cash with fiscal agent	878,147	-
Investments	187,656,564	17,229,734
Total deposits and investments	\$ 190,232,742	\$ 17,229,734

**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 Los Angeles County Investment Pool and mutual funds.

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	\$ 22,034,258	No maturity	Not rated
Los Angeles County Investment Pool	<u>182,852,040</u>	753	Not rated
Total	<u><u>\$ 204,886,298</u></u>		

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investments in the Los Angeles County Investment Pool are not required to be rated, nor have they been rated as of June 30, 2023.

**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 for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District’s bank balance of approximately \$4.0 million was exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of the District.

**Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District’s investment balance of approximately \$21.5 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 4 - Fair Value Measurements**

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

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

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

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs
Mutual funds	\$ 22,034,258	\$ 22,034,258

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



**Note 5 - Accounts Receivable**

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

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 6,033,783
State Government	
Apportionment	133,252
Categorical aid	57,375
Lottery	736,843
Local Sources	
Interest	1,613,361
Other local sources	<u>570,821</u>
Total	<u><u>\$ 9,145,435</u></u>
Student receivables	<u><u>\$ 1,054,081</u></u>

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

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,057,317	\$ -	\$ -	\$ 1,057,317
Construction in progress	10,839,296	4,013,277	-	14,852,573
Total capital assets not being depreciated	<u>11,896,613</u>	<u>4,013,277</u>	<u>-</u>	<u>15,909,890</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	9,821,168	135,333	-	9,956,501
Buildings and improvements	195,604,785	352,415	-	195,957,200
Machinery and equipment	22,932,416	2,695,086	-	25,627,502
Total capital assets being depreciated	<u>228,358,369</u>	<u>3,182,834</u>	<u>-</u>	<u>231,541,203</u>
Total capital assets	<u>240,254,982</u>	<u>7,196,111</u>	<u>-</u>	<u>247,451,093</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	(6,700,422)	(258,410)	-	(6,958,832)
Buildings and improvements	(88,575,498)	(7,640,204)	-	(96,215,702)
Machinery and equipment	(19,061,632)	(1,060,651)	-	(20,122,283)
Total accumulated depreciation	<u>(114,337,552)</u>	<u>(8,959,265)</u>	<u>-</u>	<u>(123,296,817)</u>
<b>Right-to-use Subscription IT Assets</b>				
Right-to-use subscription IT assets	655,645	192,427	-	848,072
Accumulated amortization	-	(277,470)	-	(277,470)
Net right-to-use subscription IT assets	<u>655,645</u>	<u>(85,043)</u>	<u>-</u>	<u>570,602</u>
Total capital and right-to-use subscription IT assets, net	<u>\$ 126,573,075</u>	<u>\$ (1,848,197)</u>	<u>\$ -</u>	<u>\$ 124,724,878</u>

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

**Summary**

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	\$ 149,203,179	\$ 617,978	\$ (13,685,000)	\$ 136,136,157	\$ 14,595,000
Bond premium	8,872,435	-	(1,471,986)	7,400,449	-
Compensated absences	2,387,173	8,020	-	2,395,193	431,135
Subscription-based IT arrangements	655,645	192,427	(370,664)	477,408	384,914
Load banking	345,436	98,964	-	444,400	444,400
Group term life insurance	687,000	-	(75,000)	612,000	-
<b>Total</b>	<b>\$ 162,150,868</b>	<b>\$ 917,389</b>	<b>\$ (15,602,650)</b>	<b>\$ 147,465,607</b>	<b>\$ 15,855,449</b>

**Description of Long-Term Liabilities**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences and load banking liability will be paid by the fund for which the employee worked. Payments for subscription-based IT arrangements will be made by the fund for which the software was intended. The group term life insurance liability will be paid by the General Fund.

**General Obligation Bonds**

Bonds Payable

On March 2, 2004, the voters of the District approved Measure G, which allowed the District to issue \$121,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

Series C General Obligation Bonds

In June 2009, \$29,995,302 of Citrus Community College District, Election of 2004, Series C Bonds were issued with a final maturity date of June 1, 2034. The bonds were issued as current interest bonds in the principal amount of \$26,405,000 and capital appreciation bonds in the aggregate principal amount of \$3,590,302. The bonds carry interest rates ranging from 3.00% to 5.25%, depending on the maturity of the related bonds. Interest is payable semiannually on December 1 and June 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$9,251,157.

### 2013 General Obligation Refunding Bonds

On April 24, 2013, \$13,130,000 of Citrus Community College District, 2013 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series A and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2025. Interest rates range from 2.00% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$2,840,000.

### Series D General Obligation Bonds

On June 11, 2014, \$18,997,251 of Citrus Community College District, Election of 2004, Series D Bonds were issued with a final maturity date of August 1, 2023. The bonds were issued as current interest bonds in the principal amount of \$620,000, capital appreciation bonds in the aggregate principal amount of \$6,750,369, and convertible capital appreciation bonds in the aggregate principal amount of \$11,626,882. The bonds carry interest rates ranging from 2.00% to 4.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$435,000.

### Series E General Obligation Bonds

On March 10, 2015, \$10,005,000 of Citrus Community College District, Election of 2004, Series E Bonds were issued with a final maturity date of August 1, 2032, and interest rates ranging from 2.50% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$2,255,000.

### 2015 General Obligation Refunding Bonds

On March 10, 2015, \$48,685,000 of Citrus Community College District, 2015 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series B and Series C, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2027. Interest rates range from 2.00% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$18,990,000.

### 2020 General Obligation Refunding Bonds

On August 4, 2020, \$41,995,000 of Citrus Community College District, 2020 General Obligation Refunding Bonds, Series A were issued to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series D and Series E, 2013 General Obligation Refunding Bonds, and 2015 General Obligation Refunding Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The bonds were issued with a final maturity date of August 1, 2032. Interest rates range from 0.34% to 1.85%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$40,985,000.

2021 General Obligation Refunding Bonds

On November 23, 2021, \$19,740,000 of Citrus Community College District, 2021 General Obligation Refunding Bonds were issued to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series E and 2015 General Obligation Refunding Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The refunding resulted in an economic gain in the form of savings to taxpayers of \$1,195,474 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.82%. The bonds were issued with a final maturity date of August 1, 2031. Interest rates range from 0.31% to 2.03%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$19,180,000.

On November 3, 2020, the voters of the District approved Measure Y, which allowed the District to issue \$298,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

Series A General Obligation Bonds

On November 23, 2021, \$50,000,000 of Citrus Community College District, Election of 2020, Series A Bonds were issued with a final maturity date of August 1, 2046. The bonds were issued as current interest serial bonds in the principal amount of \$39,685,000 and current interest term bonds in the aggregate principal amount of \$10,315,000. The bonds carry interest rates ranging from 2.00% to 4.00%, depending on the maturity of the related bonds. Interest is payable semiannually on August 1 and February 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was \$42,200,000.

The outstanding general obligation bonded debt was as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Accreted Interest	Redeemed	Bonds Outstanding End of Year
2009	2034	3.00-5.25%	\$ 29,995,302	\$ 8,643,585	\$ 607,572	\$ -	\$ 9,251,157
2013	2026	2.00-5.00%	13,130,000	3,630,000	-	(790,000)	2,840,000
2014	2024	2.00-4.00%	18,997,251	1,154,594	10,406	(730,000)	435,000
2015	2033	2.50-5.00%	10,005,000	2,255,000	-	-	2,255,000
2015	2028	2.00-5.00%	48,685,000	22,155,000	-	(3,165,000)	18,990,000
2021	2033	0.34-1.85%	41,995,000	41,625,000	-	(640,000)	40,985,000
2022	2032	0.31-2.03%	19,740,000	19,740,000	-	(560,000)	19,180,000
2022	2047	2.00-4.00%	50,000,000	50,000,000	-	(7,800,000)	42,200,000
				<u>\$ 149,203,179</u>	<u>\$ 617,978</u>	<u>\$ (13,685,000)</u>	<u>\$ 136,136,157</u>

The bonds mature through fiscal year 2047 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2024	\$ 14,595,000	\$ -	\$ 3,176,077	\$ 17,771,077
2025	14,845,000	-	2,612,984	17,457,984
2026	7,990,000	-	2,202,023	10,192,023
2027	8,615,000	-	1,933,878	10,548,878
2028	9,330,000	-	1,651,232	10,981,232
2029-2033	56,252,182	5,592,818	5,093,641	66,938,641
2034-2038	8,408,975	3,431,025	2,245,300	14,085,300
2039-2043	7,605,000	-	1,533,800	9,138,800
2044-2047	8,495,000	-	440,937	8,935,937
Total	<u>\$ 136,136,157</u>	<u>\$ 9,023,843</u>	<u>\$ 20,889,872</u>	<u>\$ 166,049,872</u>

\* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

#### Group Term Life Insurance Liability

The District offers certain eligible employees term life insurance, with a standard benefit of \$50,000 per employee. The District pays all related premiums for the group life insurance policies. Based on the employee's age, the insurer provides a reduced benefit amount. The District supplements the insured amount to provide a guaranteed total benefit of \$50,000 per employee. At June 30, 2023, the liability associated with the guarantee for group term life insurance was \$612,000.

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

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of \$570,602 and a SBITA liability of \$477,408 related to this agreement. Under the terms of the SBITAs, the District makes payments ranging from \$5,016 to \$262,803 annually, which amounted to total principal and interest costs of \$388,496 for the year ending June 30, 2023. During the fiscal year, the District recorded \$277,470 in amortization expense and \$17,832 in interest expense for the SBITAs. The District used a discount rate of 4% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023, is as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 384,914	\$ 12,034	\$ 396,948
2025	77,910	3,016	80,926
2026	14,584	49	14,633
Total	<u>\$ 477,408</u>	<u>\$ 15,099</u>	<u>\$ 492,507</u>

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

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense*
District Plan	\$ 2,364,855	\$ 2,888,280	\$ 659,459	\$ 596,747
Medicare Premium Payment (MPP) Program	232,854	-	-	(83,814)
Total	<u>\$ 2,597,709</u>	<u>\$ 2,888,280</u>	<u>\$ 659,459</u>	<u>\$ 512,933</u>

\* OPEB expense represents the net change in the aggregate net OPEB liability during the 2022-2023 fiscal year.

The details of each plan are as follows:

**District Plan**

**Plan Administration**

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

Management of the plan is vested with District management. Management of the trust assets is vested with the Benefits Trust Company.

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefit payments	60
Active employees	<u>417</u>
Total	<u><u>477</u></u>

### Citrus Community College District Futuris Trust

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

### Benefits Provided

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

### Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Citrus College Faculty Association (CCFA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2023, the District contributed \$1,288,752 to the Plan, all of which was used for current premiums.

### Investment

#### Investment Policy

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the governing board’s adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Domestic equity	22%
Fixed income	55%
International equity	19%
Real estate	4%



**Rate of Return**

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.11% due to market fluctuations and a reduced interest rate environment as of June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District’s net OPEB liability of \$2,364,855 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	\$ 19,594,589
Plan fiduciary net position	<u>(17,229,734)</u>
 Net OPEB liability	 <u><u>\$ 2,364,855</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 <u><u>87.93%</u></u>

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.35%
Healthcare cost trend rates	4.00%

The discount rate was based on the assumed long-term expected rate of return on plan assets.

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.25%
Fixed income	4.25%
International equity	7.25%
Real estate	7.25%

#### Discount Rate

The discount rate used to measure the total OPEB liability was 5.35%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022	\$ 18,779,181	\$ 16,241,487	\$ 2,537,694
Service cost	1,104,405	-	1,104,405
Interest	999,755	-	999,755
Difference between expected and actual experience	-	-	-
Contributions - employer	-	1,288,752	(1,288,752)
Expected investment income	-	865,707	(865,707)
Differences between projected and actual earnings on OPEB plan investments	-	242,623	(242,623)
Benefit payments	(1,288,752)	(1,288,752)	-
Administrative expense	-	(120,083)	120,083
Net change in total OPEB liability	815,408	988,247	(172,839)
Balance, June 30, 2023	\$ 19,594,589	\$ 17,229,734	\$ 2,364,855

There were no changes of economic assumptions since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.35%)	\$ 3,917,443
Current discount rate (5.35%)	2,364,855
1% increase (6.35%)	954,745

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	\$ 211,231
Current healthcare cost trend rate (4.00%)	2,364,855
1% increase (5.00%)	4,901,198

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 810,355	\$ 544,893
Changes of assumptions	236,016	114,566
Net difference between projected and actual earnings on OPEB plan investments	1,841,909	-
Total	\$ 2,888,280	\$ 659,459

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 506,092
2025	516,586
2026	867,754
2027	(48,523)
Total	\$ 1,841,909

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 10.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 19,063
2025	19,063
2026	19,063
2027	19,063
2028	19,063
Thereafter	291,597
Total	\$ 386,912

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2023, the District reported a liability of \$232,854 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0707% and 0.0794%, respectively, resulting in a net decrease in the proportionate share of 0.0087%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(83,814).

**Actuarial Methods and Assumptions**

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

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

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

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

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

### Discount Rate

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.54%)	\$ 253,856
Current discount rate (3.54%)	232,854
1% increase (4.54%)	214,670

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 213,652
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	232,854
1% increase (5.50% Part A and 6.40% Part B)	254,621

**Note 9 - Risk Management**

The District participates in three joint powers agreement (JPA) entities, the Statewide Association of Community Colleges (SWACC), the Southern California Community College District’s Self-Funded Insurance Agency (SCCCD), and the Protected Insurance Program for Schools (PIPS).

SWACC provides liability and property insurance for over fifty community colleges. SWACC is governed by a board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

SCCCD provides workers’ compensation coverage for its seven member districts for workers’ compensation self-insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCD has self-funded its workers’ compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers’ compensation claims.

PIPS provides workers’ compensation reinsurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

Each JPA is governed by a board consisting of representation from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond representation on the governing boards.

The relationships between the District and the JPAs are such that no JPAs are a component unit of the District for financial reporting purposes.

**Note 10 - 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). Additionally, full-time regular employees may elect to participate in the District's Cash-in-lieu Retirement Plan.

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 32,728,178	\$ 9,626,865	\$ 9,455,404	\$ 2,189,275
CalPERS	47,289,712	15,332,428	2,385,899	5,853,036
Cash-in-lieu Plan	3,308,286	558,059	759,899	60,575
Total	<u>\$ 83,326,176</u>	<u>\$ 25,517,352</u>	<u>\$ 12,601,202</u>	<u>\$ 8,102,886</u>

The details of each plan are as follows:

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

**Plan Description**

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

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

**Benefits Provided**

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



The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and 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 Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

### Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.1% of applicable member earnings over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were \$5,882,286.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 32,728,178
State's proportionate share of net pension liability associated with the District	<u>16,390,144</u>
Total	<u><u>\$ 49,118,322</u></u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, as actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0471% and 0.0528%, respectively, resulting in a net decrease in the proportionate share of 0.0057%.

For the year ended June 30, 2023, the District recognized pension expense of \$2,189,275. In addition, the District recognized pension expense and revenue of \$1,321,854, for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,882,286	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,094,653	5,401,003
Differences between projected and actual earnings on pension plan investments	-	1,600,471
Differences between expected and actual experience in the measurement of the total pension liability	26,847	2,453,930
Changes of assumptions	<u>1,623,079</u>	<u>-</u>
Total	<u>\$ 9,626,865</u>	<u>\$ 9,455,404</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (1,175,664)
2025	(1,273,634)
2026	(1,913,257)
2027	<u>2,762,084</u>
Total	<u>\$ (1,600,471)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 275,892
2025	(1,013,632)
2026	(623,238)
2027	(871,126)
2028	(1,120,324)
Thereafter	<u>(757,926)</u>
Total	<u>\$ (4,110,354)</u>

#### Actuarial Methods and Assumptions

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

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

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

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

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

### Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 55,584,585
Current discount rate (7.10%)	32,728,178
1% increase (8.10%)	13,750,488

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

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

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

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

	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%	8.00%
Required employee contribution rate	25.37%	25.37%
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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were \$5,701,164.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$47,289,712. The net pension liability was measured as of June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2022, and June 30, 2021, was 0.1374% and 0.1415%, respectively, resulting in a net decrease in the proportionate share of 0.0041%.

For the year ended June 30, 2023, the District recognized pension expense of \$5,853,036. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,701,164	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	335,691	1,209,270
Differences between projected and actual earnings on pension plan investments	5,583,628	-
Differences between expected and actual experience in the measurement of the total pension liability	213,721	1,176,629
Changes of assumptions	3,498,224	-
Total	\$ 15,332,428	\$ 2,385,899

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 931,171
2025	825,885
2026	421,872
2027	<u>3,404,700</u>
Total	<u>\$ 5,583,628</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 563,963
2025	693,524
2026	467,458
2027	<u>(63,208)</u>
Total	<u>\$ 1,661,737</u>

### Actuarial Methods and Assumptions

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

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

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

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

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



**Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 68,312,384
Current discount rate (6.90%)	47,289,712
1% increase (7.90%)	29,915,247

**Cash-in-lieu Plan**

**Plan Description**

The District administers and contributes to a single-employer defined benefit pension plan for eligible retirees upon retirement from the District, reaching the age of 55, and completing at least ten years of service in the District. An annual payment ranging from \$1,000 to \$2,500, depending on years of service, is contributed by the District to eligible retirees. This plan is subject to the reporting requirements under GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The measurement date for the total pension liability is June 30, 2023. As of June 30, 2023, there are no assets accumulated in a trust that meets the criteria in GASB Statement 73, paragraph 4.

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefit payments	90
Active employees	450
Total	540

**Benefits Provided**

The District provides an annual payment ranging from \$1,000 to \$2,500, depending on years of service, to eligible retirees to help offset the costs of healthcare coverage. To be eligible for the benefit, regular full-time employees of the District, excluding those classified as professional experts, must have completed at least 10 years of service in the District. Benefits take effect upon the eligible retiree reaching the age of 55. There is no requirement for the annual payment to be spent on health insurance. The payment is treated as taxable income to the retiree, and is thus considered to be a pension rather than a retiree health benefit falling within the scope of GASB Statement No. 75. The benefit is paid in full in the first year of eligibility and there are no spousal or survivor benefits paid under this plan. Benefit payments made in the 2022-2023 fiscal year were \$156,701.

This benefit is payable in addition to pension benefits that may be payable under one of the District's other pension plans (CalPERS, CalSTRS, or a supplemental employee retirement plan).

The Cash-in-lieu Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Regular, Full-Time Employees</u>
Benefit formula	\$1,000 to \$2,500, depending on years of service
Benefit vesting schedule	10 years of service
Benefit payments	Annual for life
Vesting age	55
Required employer contribution rate	\$1,000 to \$2,500 per retiree

**Contributions**

The District provides an annual contribution ranging from \$1,000 to \$2,500, depending on years of service, to all eligible retirees in the Plan. Total District contributions for the year ending June 30, 2023, were \$156,701.

**Changes in the Total Pension Liability (TPL)**

	<u>Total Pension Liability</u>
Balance at June 30, 2022	\$ 3,283,645
Service cost	108,382
Interest	115,386
Changes of assumptions	(42,426)
Benefit payments	<u>(156,701)</u>
Net change in total pension liability	<u>24,641</u>
Balance at June 30, 2023	<u><u>\$ 3,308,286</u></u>

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended June 30, 2023, the District recognized pension expense of \$60,575. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total pension liability	\$ 122,914	\$ 262,902
Changes of assumptions	435,145	496,997
Total	\$ 558,059	\$ 759,899

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total pension liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 10.3 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (6,492)
2025	(6,492)
2026	(6,492)
2027	(6,492)
2028	(6,492)
Thereafter	(169,380)
Total	\$ (201,840)

**Actuarial Methods and Assumptions**

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	As of June 2022
Actuarial cost method	Entry age normal
Discount rate	3.65%
Consumer price inflation	2.50%
Wage growth	2.75%

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified and miscellaneous 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.)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.65%. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

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

Discount Rate	Total Pension Liability
1% decrease (2.65%)	\$ 3,708,169
Current discount rate (3.65%)	3,308,286
1% increase (4.65%)	2,976,477

**CalSTRS/CalPERS Irrevocable Trust**

During the 2017-2018 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered “plan assets” for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. There were no contributions made to the trust for the year ended June 30, 2023. As of June 30, 2023, the balance of the trust was \$4,804,524.

**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 \$2,629,320 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 11 - Commitments and Contingencies**

**Grants**

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

**Litigation**

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

**Note 12 - Related Party Transactions**

The Citrus College Foundation provides various levels of monetary support and service to the District. The Foundation was organized as an independent organization under California *Business Code* and has a signed master agreement with the District. The agreement allows the District to provide administrative services to assist the Foundation in carrying out its purpose. The District pays the salaries and benefits of the executive director and administrative assistant. The donated services for the fiscal year ended June 30, 2023, were valued at \$229,622. Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated facilities for the fiscal year ended June 30, 2023, amounted to \$11,999.

**Note 13 - Adoption of New Accounting Standard**

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

Primary Government	
Net Position - Beginning	\$ 63,165,213
Right-to-use subscription IT assets, net of amortization	655,645
Subscription IT arrangements	<u>(655,645)</u>
Net Position - Beginning	<u><u>\$ 63,165,213</u></u>



Required Supplementary Information  
June 30, 2023

**Citrus Community College District**

Citrus Community College District  
Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios  
Year Ended June 30, 2023

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 1,104,405	\$ 812,057	\$ 1,047,780	\$ 1,193,448	\$ 1,065,738
Interest	999,755	912,782	908,002	934,891	900,759
Difference between expected and actual experience	-	988,457	-	(880,217)	-
Changes of assumptions	-	-	330,426	(185,074)	-
Benefit payments	(1,288,752)	(1,178,850)	(1,463,807)	(1,476,931)	(1,364,793)
Net change in total OPEB liability	815,408	1,534,446	822,401	(413,883)	601,704
Total OPEB Liability - Beginning	18,779,181	17,244,735	16,422,334	16,836,217	16,234,513
Total OPEB Liability - Ending (a)	<u>\$ 19,594,589</u>	<u>\$ 18,779,181</u>	<u>\$ 17,244,735</u>	<u>\$ 16,422,334</u>	<u>\$ 16,836,217</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,288,752	\$ 1,178,850	\$ 3,463,807	\$ 1,476,931	\$ 1,364,793
Expected investment income	865,707	1,060,901	912,328	814,360	777,421
Differences between projected and actual earnings on OPEB plan investments	242,623	(4,581,411)	1,755,868	52,476	(9,068)
Benefit payments	(1,288,752)	(1,178,850)	(1,463,807)	(1,476,931)	(1,364,793)
Administrative expense	(120,083)	(135,863)	(123,817)	(110,999)	(106,437)
Net change in plan fiduciary net position	988,247	(3,656,373)	4,544,379	755,837	661,916
Plan Fiduciary Net Position - Beginning	16,241,487	19,897,860	15,353,481	14,597,644	13,935,728
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,229,734</u>	<u>\$ 16,241,487</u>	<u>\$ 19,897,860</u>	<u>\$ 15,353,481</u>	<u>\$ 14,597,644</u>
Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 2,364,855</u>	<u>\$ 2,537,694</u>	<u>\$ (2,653,125)</u>	<u>\$ 1,068,853</u>	<u>\$ 2,238,573</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	87.93%	86.49%	115.39%	93.49%	86.70%
Covered Employee Payroll	\$ 53,269,378	\$ 52,221,643	\$ 52,472,317	\$ 51,839,305	\$ 50,204,864
Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	4.44%	4.86%	(5.06%)	2.06%	4.46%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

Citrus Community College District  
Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios  
Year Ended June 30, 2023

	2018
Total OPEB Liability	
Service cost	\$ 1,220,170
Interest	867,453
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(1,495,185)
Net change in total OPEB liability	592,438
Total OPEB Liability - Beginning	15,642,075
Total OPEB Liability - Ending (a)	\$ 16,234,513
Plan Fiduciary Net Position	
Contributions - employer	\$ 2,495,185
Expected investment income	537,672
Differences between projected and actual earnings on OPEB plan investments	-
Benefit payments	(1,495,185)
Administrative expense	(101,612)
Net change in plan fiduciary net position	1,436,060
Plan Fiduciary Net Position - Beginning	12,499,668
Plan Fiduciary Net Position - Ending (b)	\$ 13,935,728
Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 2,298,785
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	85.84%
Covered Employee Payroll	\$ 46,734,274
Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	4.92%
Measurement Date	June 30, 2018

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



Citrus Community College District  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2023

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	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	6.11%	-17.81%	16.41%	5.83%	5.53%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

Citrus Community College District  
Schedule of OPEB Investment Returns  
Year Ended June 30, 2023

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	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	<u>4.23%</u>
Measurement Date	June 30, 2018

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

Citrus Community College District  
Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program  
Year Ended June 30, 2023

	2023	2022	2021	2020	2019
Year ended June 30,					
Proportion of the net OPEB liability	0.0707%	0.0794%	0.0935%	0.0918%	0.0885%
Proportionate share of the net OPEB liability	\$ 232,854	\$ 316,668	\$ 396,247	\$ 341,870	\$ 338,838
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Citrus Community College District  
 Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program  
 Year Ended June 30, 2023

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	2018
Year ended June 30,	
Proportion of the net OPEB liability	0.0954%
Proportionate share of the net OPEB liability	\$ 401,505
Covered payroll	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Measurement Date	June 30, 2017

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Proportion of the net pension liability	<u>0.0471%</u>	<u>0.0528%</u>	<u>0.0537%</u>	<u>0.0519%</u>	<u>0.0493%</u>
Proportionate share of the net pension liability	<u>\$ 32,728,178</u>	<u>\$ 24,035,948</u>	<u>\$ 52,002,345</u>	<u>\$ 46,869,281</u>	<u>\$ 45,327,856</u>
State's proportionate share of the net pension liability associated with the District	<u>16,390,144</u>	<u>12,093,957</u>	<u>26,807,215</u>	<u>25,570,322</u>	<u>25,952,317</u>
Total	<u>\$ 49,118,322</u>	<u>\$ 36,129,905</u>	<u>\$ 78,809,560</u>	<u>\$ 72,439,603</u>	<u>\$ 71,280,173</u>
Covered payroll	<u>\$ 31,093,197</u>	<u>\$ 32,254,167</u>	<u>\$ 31,985,175</u>	<u>\$ 30,885,104</u>	<u>\$ 28,962,328</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>105.26%</u>	<u>74.52%</u>	<u>162.58%</u>	<u>151.75%</u>	<u>156.51%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>CalPERS</b>					
Proportion of the net pension liability	<u>0.1374%</u>	<u>0.1415%</u>	<u>0.1391%</u>	<u>0.1396%</u>	<u>0.1360%</u>
Proportionate share of the net pension liability	<u>\$ 47,289,712</u>	<u>\$ 28,763,503</u>	<u>\$ 42,677,109</u>	<u>\$ 40,685,851</u>	<u>\$ 36,253,141</u>
Covered payroll	<u>\$ 21,128,446</u>	<u>\$ 20,218,150</u>	<u>\$ 19,854,130</u>	<u>\$ 19,319,760</u>	<u>\$ 17,771,946</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>223.82%</u>	<u>142.27%</u>	<u>214.95%</u>	<u>210.59%</u>	<u>203.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CaSTRS</b>				
Proportion of the net pension liability	<u>0.0527%</u>	<u>0.0535%</u>	<u>0.0534%</u>	<u>0.0560%</u>
Proportionate share of the net pension liability	<u>\$ 48,750,333</u>	<u>\$ 43,254,271</u>	<u>\$ 35,681,720</u>	<u>\$ 32,724,720</u>
State's proportionate share of the net pension liability associated with the District	<u>28,840,285</u>	<u>24,623,885</u>	<u>18,871,646</u>	<u>19,760,797</u>
Total	<u><u>\$ 77,590,618</u></u>	<u><u>\$ 67,878,156</u></u>	<u><u>\$ 54,553,366</u></u>	<u><u>\$ 52,485,517</u></u>
Covered payroll	<u>\$ 29,551,868</u>	<u>\$ 28,404,511</u>	<u>\$ 25,517,331</u>	<u>\$ 24,800,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.97%</u>	<u>152.28%</u>	<u>139.83%</u>	<u>131.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CaIPERS</b>				
Proportion of the net pension liability	<u>0.1364%</u>	<u>0.1383%</u>	<u>0.1429%</u>	<u>0.1511%</u>
Proportionate share of the net pension liability	<u>\$ 32,558,281</u>	<u>\$ 27,308,456</u>	<u>\$ 21,063,601</u>	<u>\$ 17,153,529</u>
Covered payroll	<u>\$ 17,109,526</u>	<u>\$ 16,794,015</u>	<u>\$ 15,777,266</u>	<u>\$ 15,900,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>190.29%</u>	<u>162.61%</u>	<u>133.51%</u>	<u>107.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Citrus Community College District  
Schedule of the District's Contributions for Pensions  
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 5,882,286	\$ 5,260,969	\$ 5,209,048	\$ 5,469,465	\$ 5,028,095
Contributions in relation to the contractually required contribution	<u>(5,882,286)</u>	<u>(5,260,969)</u>	<u>(5,209,048)</u>	<u>(5,469,465)</u>	<u>(5,028,095)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 30,797,309</u>	<u>\$ 31,093,197</u>	<u>\$ 32,254,167</u>	<u>\$ 31,985,175</u>	<u>\$ 30,885,104</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 5,701,164	\$ 4,840,527	\$ 4,185,157	\$ 3,915,433	\$ 3,489,535
Contributions in relation to the contractually required contribution	<u>(5,701,164)</u>	<u>(4,840,527)</u>	<u>(4,185,157)</u>	<u>(3,915,433)</u>	<u>(3,489,535)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 22,472,069</u>	<u>\$ 21,128,446</u>	<u>\$ 20,218,150</u>	<u>\$ 19,854,130</u>	<u>\$ 19,319,760</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

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

Citrus Community College District  
Schedule of the District's Contributions for Pensions  
Year Ended June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CaSTRS</b>				
Contractually required contribution	\$ 4,179,264	\$ 3,717,625	\$ 3,047,804	\$ 2,265,939
Contributions in relation to the contractually required contribution	<u>(4,179,264)</u>	<u>(3,717,625)</u>	<u>(3,047,804)</u>	<u>(2,265,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 28,962,328</u>	<u>\$ 29,551,868</u>	<u>\$ 28,404,511</u>	<u>\$ 25,517,331</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CaIPERS</b>				
Contractually required contribution	\$ 2,760,161	\$ 2,376,171	\$ 1,989,587	\$ 1,857,142
Contributions in relation to the contractually required contribution	<u>(2,760,161)</u>	<u>(2,376,171)</u>	<u>(1,989,587)</u>	<u>(1,857,142)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 17,771,946</u>	<u>\$ 17,109,526</u>	<u>\$ 16,794,015</u>	<u>\$ 15,777,266</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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



Citrus Community College District

Schedule of the Changes in the District's Cash-in-Lieu Plan Total Pension Liability and Related Ratios  
Year Ended June 30, 2023

	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 108,382	\$ 152,580	\$ 143,516	\$ 79,639	\$ 3,114,226
Interest	115,386	78,050	82,847	109,081	106,891
Difference between expected and actual experience	-	152,534	(354,612)	-	-
Changes of assumptions	(42,426)	(569,219)	103,716	597,095	-
Benefit payments	(156,701)	(134,834)	(129,900)	(127,590)	(120,375)
Net change in total pension liability	24,641	(320,889)	(154,433)	658,225	3,100,742
Total Pension Liability - Beginning	3,283,645	3,604,534	3,758,967	3,100,742	-
Total Pension Liability - Ending	<u>\$ 3,308,286</u>	<u>\$ 3,283,645</u>	<u>\$ 3,604,534</u>	<u>\$ 3,758,967</u>	<u>\$ 3,100,742</u>
Covered Payroll	<u>\$ 42,416,574</u>	<u>\$ 41,281,337</u>	<u>\$ 40,176,484</u>	<u>\$ 39,101,201</u>	<u>\$ 37,962,331</u>
Total Pension Liability as a Percentage of Covered Payroll	<u>7.80%</u>	<u>7.95%</u>	<u>8.97%</u>	<u>9.61%</u>	<u>8.17%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

## **Note 1 - Purpose of Schedules**

### **Schedule of Changes in the District's Net OPEB Liability/(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 economic assumptions since the previous valuation.

### **Schedule of OPEB Investment Returns**

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

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

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

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

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

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

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

### **Schedule of the District's Contributions for Pensions**

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

**Schedule of Changes in the District's Cash-in-lieu Plan Total Pension Liability and Related Ratios**

This schedule presents information on the District's changes in the Cash-in-lieu total pension liability, including beginning and ending balances and related ratios. 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* - The discount rate assumption was changed from 3.54% to 3.65% since the previous valuation.



Supplementary Information  
June 30, 2023

# Citrus Community College District

Citrus College was founded in 1915 and operated as the Citrus Union High School District from 1915 to 1961. In July 1961, the Citrus Community College District was created to include the Azusa and Glendora Unified School Districts. In 1967, the District expanded to include the Claremont, Duarte and Monrovia School Districts. Currently, the Citrus Community College District encompasses an area of approximately 270 square miles and provides postsecondary level education (grade 13-14) for residents of Azusa, Claremont, Duarte, Glendora, Monrovia, and other surrounding communities. The District is governed by a five-member Board of Trustees and one non-voting student member.

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

Member	Office	Term Expires
Ms. Laura J. Bollinger	President	2024
Dr. Anthony Contreras	Vice President	2026
Dr. Patricia A. Rasmussen	Clerk/Secretary	2024
Ms. Cheryl Alexander	Member	2026
Ms. Mary Ann Lutz	Member	2024
Ms. Sabrina Soriano	Student Trustee	2024

**Administration as of June 30, 2023**

Dr. Greg Schulz	Superintendent/President
Dr. Dana Hester	Vice President of Academic Affairs
Ms. Claudette E. Dain, CPA	Vice President of Finance and Administrative Services
Dr. Richard F. Rams	Vice President of Student Services
Mr. Wade W. Ellis	Director of Fiscal Services

**Auxiliary Organizations in Good Standing**

Citrus College Foundation, established 1966  
 Master Agreement established January 25, 1999  
 Christina M. Garcia, Director

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 13,549,143
Federal Pell Grant Program Administrative Allowance	84.063		17,840
Federal Direct Student Loans	84.268		1,100,848
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		522,691
Federal Work-Study Program	84.033		<u>198,833</u>
Subtotal Student Financial Assistance Cluster			<u>15,389,355</u>
TRIO Cluster			
TRIO Student Support Services	84.042A		<u>275,301</u>
Subtotal TRIO Cluster			<u>275,301</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		21,874
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		<u>2,687,352</u>
Subtotal			<u>2,709,226</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-0820	<u>525,146</u>
Total U.S. Department of Education			<u>18,899,028</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	<u>845,081</u>
Research and Development Cluster			
National Science Foundation			
Cross-Sector Partnerships, Experiential Learning, and Professional Development to Build Pathways to STEM Careers	47.076		21,999
Student Supports Organized to Achieve Results	47.076		49,043
U.S. Department of Education			
Passed through California State University Fullerton Auxiliary Services Corporation			
RAISER: Regional Alliance in STEM Education Redefined	83.031C	S-7709-CITRUS	20,102
Passed through Cal Poly Pomona Foundation, Inc. STARS: Student Success and Transfer Articulation through Research and Support Services	84.031C	S21-000335- CITRUS	<u>36,058</u>
Subtotal Research and Development Cluster			<u>127,202</u>

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

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Veterans Affairs Veterans Services	64.117		\$ 2,544
U.S. Department of Health and Human Services Passed through Yosemite Community College District Child Care and Development Fund (CCDF) Cluster Child Development Training Consortium	93.575	22-23-2777	20,654
Subtotal CCDF Cluster			<u>20,654</u>
Passed through California Community Colleges Chancellor's Office Temporary Assistance for Needy Families (TANF) Foster and Kinship Care Education	93.558 93.658	[1] [1]	55,349 110,210
Total U.S. Department of Health and Human Services			<u>186,213</u>
Total Federal Financial Assistance			<u>\$ 20,060,068</u>

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

Citrus Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Basic Needs - One Time Funding	\$ 541,184	\$ -	\$ 411,544	\$ 129,640	\$ 129,640
Basic Needs Centers	529,540	-	127,675	401,865	401,865
Board Financial Assistance Program	634,259	-	67,057	567,202	567,202
CCAP Funding for Instructional Materials	86,579	-	-	86,579	86,579
Cal Grants	2,013,456	-	32,592	1,980,864	1,980,864
CalFRESH Outreach	-	-	-	-	-
California College Promise Grant	2,044,878	-	1,250,025	794,853	794,853
CalWORKS	370,357	-	72,309	298,048	298,048
Campus Safety and Sexual Assault Allocation	24,351	-	6,012	18,339	18,339
Chafee Grant	5,000	-	-	5,000	5,000
Cooperative Agencies Resources for Education	290,222	-	114,542	175,680	175,680
COVID-19 Block Grant - State Portion	6,175,979	-	6,081,050	94,929	94,929
CTE Data Unlocked	50,000	-	50,000	-	-
Culturally Competent Faculty	25,434	-	-	25,434	25,434
Disabled Student Program & Services	1,245,152	-	253,154	991,998	991,998
Disaster Relief Emergency Student Financial Aid	500	-	-	500	500
Dream Resource Liaison	205,428	-	101,644	103,784	103,784
EEO Best Practices	208,333	-	128,803	79,530	79,530
Emergency Financial Assistance Supplemental	129,435	-	129,435	-	-
Enrollment Growth Retention for Nursing	116,206	-	-	116,206	116,206
Extended Opportunity Programs and Services	1,439,770	-	110,243	1,329,527	1,329,527
Financial Aid Technology	51,715	-	-	51,715	51,715
Foster Kinship Care Education	217,331	-	9,848	207,483	207,483
Guided Pathways	578,863	-	403,144	175,719	175,719
Instructional Equipment	1,073,264	-	374,886	698,378	698,378
Mental Health Support	550,071	-	283,124	266,947	266,947
NextUp	140,223	-	138,355	1,868	1,868
LGBTQ+ Funding	108,799	-	73,995	34,804	34,804
Local and Systemwide Technology and Data Security	314,000	-	298,525	15,475	15,475
Professional Development for Classified Employees	48,522	-	48,522	-	-
Rising Scholars	-	57,375	27,071	30,304	30,304



Citrus Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Staff Diversity	\$ 138,888	\$ -	\$ 107,640	\$ 31,248	\$ 31,248
Strong Workforce - Regional	169,551	-	-	169,551	169,551
Strong Workforce	2,671,772	-	1,177,879	1,493,893	1,493,893
Student Equity and Achievement Program	6,482,152	-	1,756,306	4,725,846	4,725,846
Student Retention and Outreach	2,141,683	-	1,551,519	590,164	590,164
Student Success Completion Grant	4,236,370	-	465,108	3,771,262	3,771,262
Veteran Resource Center	226,057	-	94,368	131,689	131,689
Zero textbook cost program	200,000	-	185,025	14,975	14,975
Total state programs	<u>\$ 35,485,324</u>	<u>\$ 57,375</u>	<u>\$ 15,931,400</u>	<u>\$ 19,611,299</u>	<u>\$ 19,611,299</u>

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

CATEGORIES	Revised Data**	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit*	138.66	-	138.66
2. Credit	914.48	-	914.48
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit*	59.80	-	59.80
2. Credit	4.49	-	4.49
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,580.14	-	2,580.14
(b) Daily Census Contact Hours	1,035.97	-	1,035.97
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	96.51	-	96.51
(b) Credit	526.37	-	526.37
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,056.66	-	2,056.66
(b) Daily Census Procedure Courses	1,546.60	-	1,546.60
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>8,959.68</u>	<u>-</u>	<u>8,959.68</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. Inservice Training Courses (FTES)</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit*	275.44	-	275.44
2. Credit	131.99	-	131.99
<b>CCFS-320 Addendum</b>			
CDCP Noncredit FTES	91.89	-	91.89

\*Includes Career Development and College Preparation (CDCP) FTES

\*\*Annual report revised as of October 2, 2023

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 14,871,389	\$ -	\$ 14,871,389	\$ 14,871,389	\$ -	\$ 14,871,389
Other	1300	13,001,028	-	13,001,028	13,001,028	-	13,001,028
Total Instructional Salaries		27,872,417	-	27,872,417	27,872,417	-	27,872,417
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,232,798	-	5,232,798
Other	1400	-	-	-	270,276	-	270,276
Total Noninstructional Salaries		-	-	-	5,503,074	-	5,503,074
Total Academic Salaries		27,872,417	-	27,872,417	33,375,491	-	33,375,491
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	15,334,795	-	15,334,795
Other	2300	-	-	-	785,634	-	785,634
Total Noninstructional Salaries		-	-	-	16,120,429	-	16,120,429
Instructional Aides							
Regular Status	2200	84,792	-	84,792	84,792	-	84,792
Other	2400	161,349	-	161,349	161,349	-	161,349
Total Instructional Aides		246,141	-	246,141	246,141	-	246,141
Total Classified Salaries		246,141	-	246,141	16,366,570	-	16,366,570
Employee Benefits	3000	10,670,573	-	10,670,573	23,610,727	-	23,610,727
Supplies and Material	4000	-	-	-	1,927,477	-	1,927,477
Other Operating Expenses	5000	314,517	-	314,517	5,882,647	-	5,882,647
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		39,103,648	-	39,103,648	81,162,912	-	81,162,912

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	997,304	-	997,304
Objects to Exclude							
Rents and Leases	5060	-	-	-	353,168	-	353,168
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 2,554,564	\$ -	\$ 2,554,564
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,905,036	-	3,905,036
Total for ECS 84362, 50% Law Percent of CEE (Instructional Salary Cost/Total CEE) 50% of Current Expense of Education		\$ 39,103,648	\$ -	\$ 39,103,648	\$ 77,257,876	\$ -	\$ 77,257,876
		50.61%		50.61%	100.00%		100.00%
					\$ 38,628,938		\$ 38,628,938

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

Activity Classification	Object Code					Unrestricted
EPA Revenue:	8630					\$ 5,814,181
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total	
Instructional Activities	1000-5900	\$ 5,709,492	\$ -	\$ -	\$ 5,709,492	
Total Expenditures for EPA		\$ 5,709,492	\$ -	\$ -	\$ 5,709,492	
Revenues Less Expenditures						\$ 104,689

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

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

Total fund balance		
General Funds	\$	40,476,377
Special Revenue Funds		8,241,757
Capital Project Funds		95,256,958
Debt Service Funds		16,782,174
Proprietary Funds		244,416
Internal Service Funds		6,294,743
Fiduciary Funds		<u>17,229,734</u>
Total fund balance - all District funds		\$ 184,526,159
Amounts held in trust on behalf of others (OPEB Trust)		(17,229,734)
Capital and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is		247,451,093
Accumulated depreciation is		(123,296,817)
The cost of right-to-use subscription IT assets is		848,072
Accumulated amortization is		<u>(277,470)</u>
Total capital and right-to-use subscription IT assets, net		124,724,878
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding		10,725,015
Deferred outflows of resources related to OPEB		2,888,280
Deferred outflows of resources related to pensions		<u>25,517,352</u>
Total deferred outflows of resources		39,130,647
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(1,442,561)

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

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

Long-term liabilities at year end consist of:

General obligation bonds	\$ (137,875,751)
Subscription-based IT arrangements	(477,408)
Compensated absences	(1,964,058)
Aggregate net OPEB liability	(2,597,709)
Aggregate net pension liability	(83,326,176)

In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(5,660,855)
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Total long-term liabilities	\$ (231,901,957)
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Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to

Deferred inflows of resources related to OPEB	(659,459)
Deferred inflows of resources related to pensions	(12,601,202)

Total deferred inflows of resources	(13,260,661)
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Total net position	\$ 84,546,771
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## **Note 1 - Purpose of Schedules**

### **District Organization**

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

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

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

#### Summary of Significant Accounting Policies

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

#### Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate. Instead, the District has used its federally-negotiated indirect cost rate.

### **Schedule of Expenditures of State Awards**

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

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

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

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

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

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

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

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

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



Independent Auditor's Reports  
June 30, 2023

# Citrus Community College District



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

To the Board of Trustees  
Citrus Community College District  
Glendora, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the remaining fund information of Citrus Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 7, 2023.

**Adoption of New Accounting Standard**

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District’s business-type activities beginning net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

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

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

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

### **Purpose of This Report**

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



Rancho Cucamonga, California  
December 7, 2023



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

To the Board of Trustees  
Citrus Community College District  
Glendora, California

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

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

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

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

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

### **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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Rancho Cucamonga, California  
December 7, 2023





## Independent Auditor's Report on State Compliance

To the Board of Trustees  
Citrus Community College District  
Glendora, California

### Report on State Compliance

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

### Opinion

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

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	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

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

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

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



Rancho Cucamonga, California  
December 7, 2023



Schedule of Findings and Questioned Costs  
June 30, 2023

# Citrus Community College District

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE COMPLIANCE**

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

None reported.

None reported.



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



Other Information  
June 30, 2023

# Citrus Community College District

Citrus Community College District  
Governmental Funds  
Balance Sheets (Unaudited)  
June 30, 2023

	General Unrestricted	General Restricted	Community and Contract Education	Bond Interest and Redemption	Capital Outlay Projects	Measure Y Bond Construction
<b>Assets</b>						
Cash and cash equivalents	\$ 98,970	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	40,488,789	17,505,922	4,298	16,782,174	52,474,889	47,934,895
Accounts receivable	2,257,339	3,029,095	1,300	-	505,973	502,000
Due from other funds	1,502,392	-	-	-	-	-
Total assets	<u>\$ 44,347,490</u>	<u>\$ 20,535,017</u>	<u>\$ 5,598</u>	<u>\$ 16,782,174</u>	<u>\$ 52,980,862</u>	<u>\$ 48,436,895</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 5,427,661	\$ 1,225,646	\$ 5,598	\$ -	\$ 6,123,988	\$ 30,373
Due to other funds	-	-	-	-	-	-
Other current liabilities	1,487,535	-	-	-	-	-
Unearned revenue	895,885	15,369,403	-	-	6,438	-
Total liabilities	<u>7,811,081</u>	<u>16,595,049</u>	<u>5,598</u>	<u>-</u>	<u>6,130,426</u>	<u>30,373</u>
<b>Fund Balances</b>						
Reserved	-	3,939,968	-	16,782,174	46,850,436	48,406,522
Unreserved						
Designated	-	-	-	-	-	-
Undesignated	36,536,409	-	-	-	-	-
Total fund balances	<u>36,536,409</u>	<u>3,939,968</u>	<u>-</u>	<u>16,782,174</u>	<u>46,850,436</u>	<u>48,406,522</u>
Total liabilities and fund balances	<u>\$ 44,347,490</u>	<u>\$ 20,535,017</u>	<u>\$ 5,598</u>	<u>\$ 16,782,174</u>	<u>\$ 52,980,862</u>	<u>\$ 48,436,895</u>

Citrus Community College District  
Governmental Funds  
Balance Sheets (Unaudited)  
June 30, 2023

	Associated Students Organization	Student Representation Fee	Student Financial Aid	Pension Stabilization Trust	Total Governmental Funds (Memorandum Only)
<b>Assets</b>					
Cash and cash equivalents	\$ 1,625,876	\$ -	\$ 8,745	\$ -	\$ 1,733,591
Investments	1,831,342	183,299	-	4,804,524	182,010,132
Accounts receivable	104,820	(57,665)	3,798,213	-	10,141,075
Due from other funds	-	-	-	-	1,502,392
Total assets	<u>\$ 3,562,038</u>	<u>\$ 125,634</u>	<u>\$ 3,806,958</u>	<u>\$ 4,804,524</u>	<u>\$ 195,387,190</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 210,020	\$ (14,314)	\$ 757,657	\$ -	\$ 13,766,629
Due to other funds	-	-	1,502,392	-	1,502,392
Other current liabilities	-	-	-	-	1,487,535
Unearned revenue	54,733	-	1,546,909	-	17,873,368
Total liabilities	<u>264,753</u>	<u>(14,314)</u>	<u>3,806,958</u>	<u>-</u>	<u>34,629,924</u>
<b>Fund Balances</b>					
Reserved	1,813,796	139,948	-	4,804,524	120,923,572
Unreserved					
Designated	1,483,489	-	-	-	1,483,489
Undesignated	-	-	-	-	38,350,205
Total fund balances	<u>3,297,285</u>	<u>139,948</u>	<u>-</u>	<u>4,804,524</u>	<u>160,757,266</u>
Total liabilities and fund balances	<u>\$ 3,562,038</u>	<u>\$ 125,634</u>	<u>\$ 3,806,958</u>	<u>\$ 4,804,524</u>	<u>\$ 195,387,190</u>

Citrus Community College District

Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2023

	General Unrestricted	General Restricted	Community and Contract Education	Bond Interest and Redemption	Capital Outlay Projects	Measure Y Bond Construction
<b>Revenues</b>						
Federal revenues	\$ 20,384	\$ 4,000,048	\$ -	\$ -	\$ -	\$ -
State revenues	81,511,487	15,130,506	-	90,441	3,811,700	-
Local revenues	14,900,972	904,721	40,786	17,136,671	1,723,909	1,058,231
<b>Total revenues</b>	<b>96,432,843</b>	<b>20,035,275</b>	<b>40,786</b>	<b>17,227,112</b>	<b>5,535,609</b>	<b>1,058,231</b>
<b>Expenditures</b>						
<b>Current Expenditures</b>						
Academic salaries	33,848,259	2,953,996	17,075	-	-	-
Classified salaries	19,094,064	4,828,126	93,037	-	328,917	-
Employee benefits	25,192,124	3,461,578	62,142	-	131,850	-
Books and supplies	2,116,261	870,237	15,054	-	327,921	-
Services and operating expenditures	6,893,350	1,318,627	15,019	-	1,506,980	221,584
Capital outlay	907,658	4,140,986	-	-	5,358,153	-
Debt service - principal	-	-	-	13,685,000	-	-
Debt service - interest and other	-	-	-	3,714,940	-	-
<b>Total expenditures</b>	<b>88,051,716</b>	<b>17,573,550</b>	<b>202,327</b>	<b>17,399,940</b>	<b>7,653,821</b>	<b>221,584</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>8,381,127</b>	<b>2,461,725</b>	<b>(161,541)</b>	<b>(172,828)</b>	<b>(2,118,212)</b>	<b>836,647</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	1,149,187	17,538	141,439	-	5,000,000	-
Operating transfers out	(6,757,167)	(1,124,297)	-	-	-	-
Other uses	(57,400)	(1,527,769)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,665,380)</b>	<b>(2,634,528)</b>	<b>141,439</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>2,715,747</b>	<b>(172,803)</b>	<b>(20,102)</b>	<b>(172,828)</b>	<b>2,881,788</b>	<b>836,647</b>
<b>Fund Balances, Beginning of Year</b>	<b>33,820,662</b>	<b>4,112,771</b>	<b>20,102</b>	<b>16,955,002</b>	<b>43,968,648</b>	<b>47,569,875</b>
<b>Fund Balances, End of Year</b>	<b>\$ 36,536,409</b>	<b>\$ 3,939,968</b>	<b>\$ -</b>	<b>\$ 16,782,174</b>	<b>\$ 46,850,436</b>	<b>\$ 48,406,522</b>

Citrus Community College District

Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2023

	Associated Students Organization	Student Representation Fee	Student Financial Aid	Pension Stabilization Trust	Total Governmental Funds (Memorandum Only)
<b>Revenues</b>					
Federal revenues	\$ -	\$ -	\$ 16,039,637	\$ -	\$ 20,060,069
State revenues	-	-	5,757,126	-	106,301,260
Local revenues	<u>1,475,910</u>	<u>19,391</u>	<u>-</u>	<u>267,627</u>	<u>37,528,218</u>
Total revenues	<u>1,475,910</u>	<u>19,391</u>	<u>21,796,763</u>	<u>267,627</u>	<u>163,889,547</u>
<b>Expenditures</b>					
<b>Current Expenditures</b>					
Academic salaries	15,700	-	-	-	36,835,030
Classified salaries	441,006	-	-	-	24,785,150
Employee benefits	114,194	-	-	-	28,961,888
Books and supplies	229,898	-	-	-	3,559,371
Services and operating expenditures	825,240	4,335	-	14,319	10,799,454
Capital outlay	3,317	-	-	-	10,410,114
Debt service - principal	-	-	-	-	13,685,000
Debt service - interest and other	-	-	-	-	3,714,940
Total expenditures	<u>1,629,355</u>	<u>4,335</u>	<u>-</u>	<u>14,319</u>	<u>132,750,947</u>
Excess of Revenues Over (Under) Expenditures	<u>(153,445)</u>	<u>15,056</u>	<u>21,796,763</u>	<u>253,308</u>	<u>31,138,600</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	1,200	-	-	-	6,309,364
Operating transfers out	(1,200)	-	(24,890)	-	(7,907,554)
Other uses	<u>(196,203)</u>	<u>-</u>	<u>(21,771,873)</u>	<u>-</u>	<u>(23,553,245)</u>
Total other financing sources (uses)	<u>(196,203)</u>	<u>-</u>	<u>(21,796,763)</u>	<u>-</u>	<u>(25,151,435)</u>
Change in Fund Balances	(349,648)	15,056	-	253,308	5,987,165
Fund Balances, Beginning of Year	<u>3,646,933</u>	<u>124,892</u>	<u>-</u>	<u>4,551,216</u>	<u>154,770,101</u>
Fund Balances, End of Year	<u>\$ 3,297,285</u>	<u>\$ 139,948</u>	<u>\$ -</u>	<u>\$ 4,804,524</u>	<u>\$ 160,757,266</u>

Citrus Community College District  
 Proprietary Funds  
 Balance Sheets (Unaudited)  
 June 30, 2023

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	Enterprise Fund Golf Driving Range	Internal Service Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 700	\$ 841,887
Investments	248,885	5,397,547
Accounts receivable	1,914	56,527
Total assets	\$ 251,499	\$ 6,295,961
<b>Liabilities and Fund Equity</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,083	\$ 1,218
<b>Fund Equity</b>		
Retained earnings	244,416	6,294,743
Total liabilities and fund equity	\$ 251,499	\$ 6,295,961

Citrus Community College District  
Proprietary Funds  
Statements of Revenues, Expenses, and Changes in Retained Earnings (Unaudited)  
Year Ended June 30, 2023

	Enterprise Fund Golf Driving Range	Internal Service Fund
Operating Revenues		
Sales and commissions	\$ 132,572	\$ -
Premium contributions	-	1,159,852
Total operating revenues	\$ 132,572	\$ 1,159,852
Operating Expenses		
Classified salaries	67,446	-
Employee benefits	32,883	-
Books and supplies	53,771	-
Services and other operating expenditures	5,470	1,907,679
Capital outlay	9,331	-
Total operating expenses	168,901	1,907,679
Operating Loss	(36,329)	(747,827)
Nonoperating Revenues		
Investment income	4,370	73,873
Operating transfers in	50,000	1,548,190
Total nonoperating revenues	54,370	1,622,063
Net Income	18,041	874,236
Retained Earnings, Beginning of Year	226,375	5,420,507
Retained Earnings, End of Year	\$ 244,416	\$ 6,294,743



Citrus Community College District  
Proprietary Funds  
Statements of Cash Flows (Unaudited)  
Year Ended June 30, 2023

	Enterprise Fund Golf Driving Range	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from sales and commissions	\$ 132,572	\$ -
Cash received from assessments made to other funds	-	1,159,852
Cash payments to employees for services	(110,415)	-
Cash payments for insurance claims	-	(1,907,090)
Cash payments to suppliers for goods and services	(68,572)	-
	(46,415)	(747,238)
Net Cash Flows From Operating Activities		
Cash Flows from Investing Activities		
Interest on investments	2,955	21,516
Interfund transfers	50,000	1,548,190
	52,955	1,569,706
Net Cash Flows From Investing Activities		
Net Increase in Cash and Cash Equivalents	6,540	822,468
Cash and Cash Equivalents - Beginning	243,045	5,416,966
Cash and Cash Equivalents - Ending	\$ 249,585	\$ 6,239,434
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities		
Operating loss	\$ (36,329)	\$ (747,827)
Changes in assets and liabilities		
Accounts payable	(10,086)	589
Net Cash Flows From Operating Activities	\$ (46,415)	\$ (747,238)

Citrus Community College District

Fiduciary Fund

Balance Sheet (Unaudited)

June 30, 2023

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 17,229,734</u>
Fund Balance	
Reserved	<u>\$ 17,229,734</u>

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

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	Retiree OPEB Trust
Revenues	
Local revenues	\$ 1,108,330
Expenditures	
Current	
Services and operating expenditures	120,083
Excess of Revenues Over Expenditures	988,247
Fund Balance, Beginning of Year	16,241,487
Fund Balance, End of Year	\$ 17,229,734

**Note 1 - Purpose of Schedules**

**Fund Financial Statements**

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

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered by the Citrus Community College District (the “District”) as of \_\_\_\_\_, 2024, in connection with the execution and delivery of \$\_\_\_\_\_ aggregate principal amount of the District’s General Obligation Bonds, 2020 Election, 2024 Series B (the “Bonds”) The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on June 18, 2024 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District and the Dissemination Agent hereby covenants and agree as follows:

**SECTION 1. Purpose of the Disclosure Undertaking.** This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Raymond James & Associates, Inc. (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**SECTION 2. Additional Definitions.** In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” shall mean any dissemination agent, or any alternate or successor dissemination agent, designated in writing by the Superintendent/President or Vice President, Finance and Administrative Services (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing. Initially, the Dissemination Agent shall be KNN Public Finance, LLC.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 6(a)(x) and Section (6)(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website located at <http://emma.msrb.org>, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated \_\_\_\_\_, 2024 (the “Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District’s fiscal year (currently ending June 30), commencing with the report for the fiscal year ended June 30, 2024, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access (“EMMA”) system. Information regarding requirement for submissions to EMMA is available at <http://emma.msrb.org>.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District’s preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

- (ii) outstanding District indebtedness;
- (iii) assessed value of taxable property in the District as shown on the most recent equalized assessment roll;
- (iv) top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value; and
- (v) summary financial information on revenues, expenditures and fund balances for the District's General Fund reflecting adopted budget for the current year.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

**SECTION 6. Reporting of Designated Listed Events.**

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the District; or
- (x) Default, an event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District

in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

(viii) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect the Owners, if material.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under



this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent-President or Vice President, Finance and Administrative Services may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

IN WITNESS WHEREOF, Citrus Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

CITRUS COMMUNITY COLLEGE DISTRICT

By: \_\_\_\_\_ [FORM ONLY]  
Vice President, Finance and  
Administrative Services

Dissemination Agent:

KNN PUBLIC FINANCE, LLC

By: \_\_\_\_\_ [FORM ONLY]  
Authorized Representative

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Citrus Community College District

Name of Issue: \$\_\_\_\_\_ Citrus Community College District General Obligation Bonds, 2020 Election, 2024 Series B

Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated \_\_\_\_\_, 2024. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

[ISSUER/DISSEMINATION AGENT]

By: \_\_\_\_\_

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## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurance that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

#### **General**

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal of and premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants

will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

#### **Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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## APPENDIX F

### THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

*The following information concerning the Los Angeles County Treasury Pool (the “Treasury Pool”) has been obtained from the Treasurer and Tax Collector of Los Angeles County (the “Treasurer”) and has not been confirmed or verified by Citrus Community College District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.*

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of May 31, 2024, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$26.101
Schools and Community Colleges	30.999
Discretionary Participants	<u>3.527</u>
Total	<u>\$60.627</u>

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	94.19%
Discretionary Participants:	
Independent Public Agencies	5.69
County Bond Proceeds and Repayment Funds	<u>0.12</u>
Total	<u>100.00%</u>

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer’s prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the County Board of Supervisors (“Board of Supervisors”) on an annual basis. The Investment Policy adopted on March 19, 2024, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the “Investment Report”) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is

submitted monthly to the Board of Supervisors. According to the Investment Report dated June 28, 2024, the May 31, 2024 book value of the Treasury Pool was approximately \$60.627 billion and the corresponding market value was approximately \$58.178 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer’s Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor’s staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside auditor (the “External Auditor”) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of May 31, 2024:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	3.71%
U.S. Government and Agency Obligations	67.35
Bank Acceptances	0.00
Commercial Paper	28.86
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	<u>100.00%</u>

The Treasury Pool is highly liquid. As of May 31, 2024, approximately 38.38% of the investments mature within 60 days, with an average of 654 days to maturity for the entire portfolio.



