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YUBA COMMUNITY COLLEGE DISTRICT YUBA CITY, CALIFORNIA

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

YUBA COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Yuba Community College District
Yuba City, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Yuba 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 Yuba Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities and the discretely presented component unit Yuba Community College District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yuba Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, 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 other 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 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
December 14, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

ACCOUNTING STANDARDS

The format of these financial statements follows Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—An Amendment of GASB Statement No. 34. The California Community Colleges Chancellor's Office has recommended that all State community college districts follow the business type activity (BTA) model. Yuba Community College District (the District) applied the BTA reporting model to comply with this recommendation and to report in a manner consistent and comparable with other community college districts. The following management's discussion and analysis (MDA) provides an overview of the District's financial activities.

BASIS OF ACCOUNTING

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The information provided on the statements in the MD&A includes all funds, excluding the Student Associations of Yuba College, Woodland Community College, Clear Lake Campus, and Sutter County Center, and excludes the District Foundation. Each statement will be discussed separately. Separately issued financial statements for the Foundation can be obtained from the District.

Under the BTA model of financial reporting, a single District-wide statement is required to report financial activity for all funds of the District. The following information is provided to help with the understanding of the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL AND ATTENDANCE HIGHLIGHTS

The discussion and analysis of the Yuba Community College District's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2023, including comparative information for the year ended June 30, 2022. The intent of the "Management Discussion and Analysis" is to look at the district's financial performance. To provide a complete understanding of the district's financial standing, this analysis should be read in conjunction with the entire Independent Auditor's Report, particularly the District's financial statements beginning on page 13 and the notes to the basic financial statements beginning on page 20.

On June 30th, 2022, Governor Gavin Newsom officially approved the state budget for the Fiscal Year 2022-23. Projected state expenditures for this fiscal year are set to exceed \$300 billion, marking a notable 17% increase over the enacted budget of 2021-22. Despite concerns over the stock market's downturn and the Federal Reserve Bank's decision to raise interest rates to combat inflation, the state's fiscal outlook has improved since the Governor's budget projections in January. Revenues from personal income tax, sales tax, and corporate tax have surpassed expectations.

However, analysis by the Legislative Analyst's Office (LAO) suggests that the state's overall outlook is worrisome. The potential for a budget deficit by 2025-26 looms, irrespective of future trends in state tax revenues. The state risks exceeding the State Appropriations Limit (SAL), and continued revenue growth may amplify constitutional funding obligations, leading to substantial budget deficits. Compounded by rising inflation and stock market volatility, policymakers are grappling with the challenge of restraining the state's spending growth and bolstering reserves to address potential recession-induced budget crises.

Key highlights of the state budget affecting the California Community Colleges (CCCs) include:

- Extension of the Student-Centered Funding Formula Hold Harmless in a modified form
- 6.56% Cost of Living Adjustment (COLA) and 0.50% Growth
- Increase in Student-Centered Funding Formula Basic Allocation and Rates
- Allocation for COVID-19 Block Grant
- Provision for Physical Plant & Instructional Equipment

In the context of the Yuba Community College District, the Governing Board and Finance Committee evaluated the Fiscal Planning Principles and budget assumptions as they considered the district's proposed budget for adoption.

Concurrently, the district is implementing recommendations from the Fiscal Crisis and Management Assistance Team (FCMAT) working group. Enrollment trends in the Yuba Community College District show declines predating the pandemic, with significant decreases following it. FCMAT has provided technical assistance, and a fiscal analysis study was conducted in response to the district's request for this study. The resulting report, presented to the governing board on October 14th, 2021, prompted the formation of the DC3 FCMAT Working Group.

The purpose of the DC3 FCMAT Working Group was to develop a report for the Chancellor outlining specific strategies for addressing FCMAT recommendations. These strategies aim to address ongoing structural deficits, achieve a sustainable total cost of operations, and ensure equitable service to Yuba Community College District students while maintaining high-quality operations.

**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL AND ATTENDANCE HIGHLIGHTS, continued

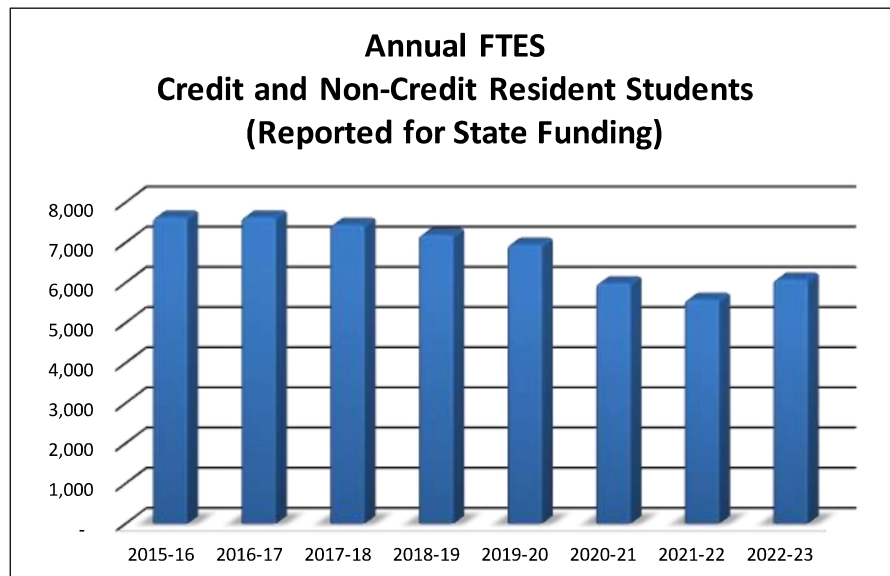
The DC3 FCMAT Working Group, organized into four writing teams, identified 24 unprioritized recommendations/strategies in areas such as FTES Growth/Student issues, Classroom Efficiency/Faculty Obligation Number (FON), Total Cost of Operations, and Other. The report, presented to DC3 and the Chancellor on May 3, 2022, served as a recommendation document and outlined the priorities and suggestions of the working group. The final recommendations were presented to the board on June 9, 2022.

Proposition 98 funding sets a baseline for funding K-12 education and California Community Colleges (CCCs). The minimum guarantee for Fiscal Year 2022-23 stands at \$110.3 billion. The allocation for the CCC system is equal to or exceeds the established traditional share of 10.93% observed in previous years. In the specific context of the 2022-23 fiscal year, California Community Colleges are anticipated to receive \$12.62 billion from Proposition 98.

This is the fifth year of implementation of the Student-Centered Funding Formula for the California Community College System. The revenue budget for apportionment in the 2022-23 fiscal year, under the Student-Centered Funding Formula, employs three distinct calculations. First, the Base Allocation, primarily influenced by Credit Full-Time Equivalent Students (FTES). Second, the Supplemental Allocation, which takes into account low-income students. Third, the Student Success Allocation, which factors in outcomes aligned with the Vision for Success, offering additional support for achievements among low-income students. The Base Allocation, based on Credit FTES, is funded based on a three-year average FTES, as is the Student Success Allocation.

Moreover, Non-Credit and Special Admit FTES receive funding at elevated rates, with counts funded according to the current year. The funding formula relies on consistent sources, including State General Apportionment with Full-Time Faculty Hiring dollars, Education Protection Act (EPA), Student Enrollment Fees (98%), and Property Taxes. These components remain unchanged to support the various allocations within the funding formula.

See the below chart for a historical perspective on the changes in FTES over the past 8 fiscal years.



**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

STATEMENT OF NET POSITION

The statements of net position include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. The District's Net Position increased by \$34.5 million due primarily to increases in assets, liabilities offset by a decrease in deferred inflows of resources. The total net position remains negative due to the pension standards implemented in the 2014-15 year and GASB 75 in 2017-18. Under these accounting standards, the District is recognizing its proportional share of the underfunded pension systems for both the California Public Employee's Retirement System (PERS), California State Teachers' Retirement System (STRS) system, and the full liability of its Other Post-Employment Benefits.

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	\$ 356,366,499	\$ 299,019,069	\$ 57,347,430
Deferred outflows of resources	33,551,268	28,520,395	5,030,873
Total Assets and Deferred Outflows of Resources	389,917,767	327,539,464	62,378,303
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	76,034,860	39,059,170	36,975,690
Non-current liabilities	284,320,766	276,408,761	7,912,005
Deferred inflows of resources	24,381,542	41,424,054	(17,042,512)
Total Liabilities and Deferred Inflows of Resources	384,737,168	356,891,985	27,845,183
NET POSITION			
Invested in capital assets, net of related debt	39,290,072	20,556,971	18,733,101
Restricted	33,903,613	32,140,711	1,762,902
Unrestricted	(68,013,086)	(82,050,203)	14,037,117
Total Net Position	\$ 5,180,599	\$ (29,352,521)	\$ 34,533,120

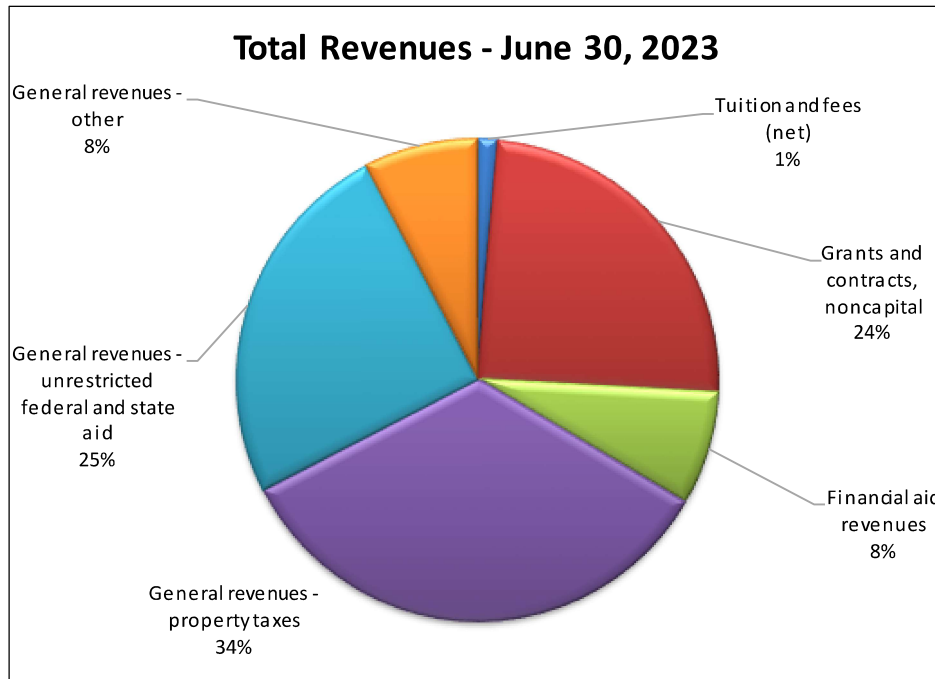
**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the operating finances of the District, as well as the nonoperating revenues and expenses.

	2023	2022	Change
REVENUES			
Tuition and fees (net)	\$ 2,122,256	\$ 2,162,414	\$ (40,158)
Grants and contracts, noncapital	37,871,204	29,849,292	8,021,912
Financial aid revenues	11,705,734	10,735,751	969,983
General revenues - property taxes	52,534,593	46,451,071	6,083,522
General revenues - unrestricted federal and state aid	38,626,387	37,436,543	1,189,844
General revenues - other	11,789,879	(1,705,148)	13,495,027
Total Revenues	154,650,053	124,929,923	29,720,130
EXPENSES			
Operating expenses	75,766,411	79,283,849	(3,517,438)
Financial aid disbursement to students	24,246,370	18,530,204	5,716,166
Interest	15,104,152	9,634,824	5,469,328
Transfer to trust fund	5,000,000	3,286,375	1,713,625
Total Expenses	120,116,933	110,735,252	9,381,681
Change in Net Position	\$ 34,533,120	\$ 14,194,671	\$ 20,338,449

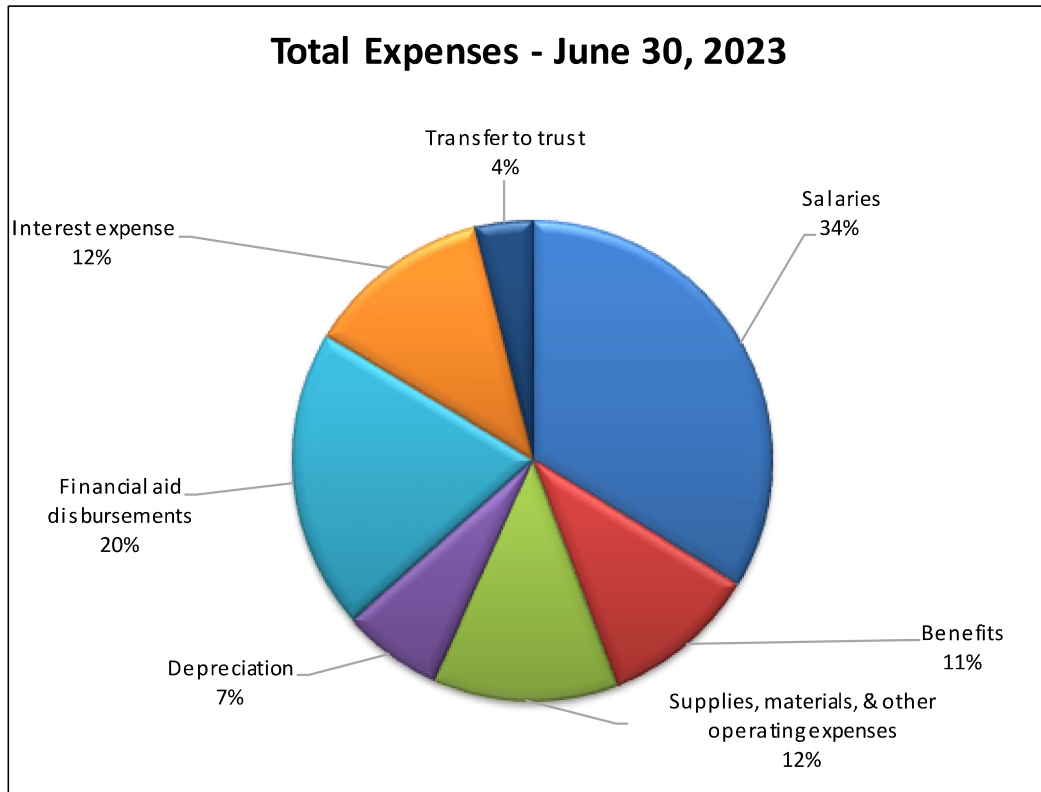
The District's primary revenue is from the State apportionment, local property taxes, student enrollment fees, and grants. The composition of operating and nonoperating revenues for the year ended June 30, 2023 are reflected below:



**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

The District's expenses consisted primarily of employee salaries, benefits, supplies and operating items, and payments to students for financial aid. Total salaries increased \$28 thousand over the prior year and benefits decreased \$2.5 million due to State contributions on behalf of District employees, changes in the District's net pension liability, changes in the net OPEB liability. Operating and nonoperating expenses are comparatively reflected below:



**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$292.1 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2023, the District's net capital assets were \$197.9 million. Projects will be accounted for within our Construction in Progress account until the project is completed at which time the cost will be recorded to the depreciable capital asset categories.

	2023	2022	Change
Capital assets not being depreciated	\$ 45,084,413	\$ 18,197,158	\$ 26,887,255
Capital assets being depreciated	247,065,189	241,855,909	5,209,280
Accumulated depreciation	(94,224,958)	(87,439,148)	(6,785,810)
Total Capital Assets	\$ 197,924,644	\$ 172,613,919	\$ 25,310,725

We present more detailed information about our capital assets in Note 6 to the financial statements.

Long-term Liabilities

At June 30, 2023 the District had \$196.9 million in bonded debt outstanding, including premium on bonds and accreted interest. These bonds are repaid semi-annually, utilizing District Funds, in accordance with the debt service schedules.

In addition to the bonded debt, the District is obligated for other long-term liabilities.

	2023	2022	Change
General obligation and revenue bonds	\$ 196,930,343	\$ 205,463,029	\$ (8,532,686)
Compensated absences	1,888,096	1,696,507	191,589
Net OPEB liability	39,518,506	39,023,961	494,545
Net Pension liability	48,842,434	33,855,765	14,986,669
Other long-term liabilities	6,844,182	7,077,831	(233,649)
Total Long-term Liabilities	\$ 294,023,561	\$ 287,117,093	\$ 6,906,468

We present more detailed information about our long-term liabilities in Notes 7,8, and 9 to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

- The economic position of the Yuba Community College District is closely tied to the State of California. A large portion of the district's funding comes from Proposition 98 included in the Student-Centered Funding Formula. The Student-Centered Funding Formula (SCFF) will be in its' fifth year of implementation. The formula has fared well for the district over the last 5 years.
- The district have faced enrollment declines in 2021-22 in comparison to 2019-20. The district reported enrollments of 5,606 FTES in 2021-22 in comparison to 6,972 FTES in 2019-20. In 2022-23, the district's enrollments experienced a modest growth but not to the pre-pandemic levels. The district reported 6,121 FTES in 2022-23. Due to COVID-19, the district has received emergency conditions funding at 7,626 FTES funding level. The district applied for emergency conditions allowance in 2022-23 and the district's application was approved for this allowance. The district has one additional year of stability protection for Total Computational Revenue under education code to be funded at 7,626 FTES level. The 2022-23 enacted budget extended the revenues protections for the SCFF. Under this provision, a district's 2024-25 funding will represent its new "floor", where it could not fall below. Starting in 2025-26, the district will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount) whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time. There will be a COLA calculation each of the years effective 2025-26; however, if there is no increase to 3-Year Credit FTES, current year Special Admin, Noncredit, Supplemental or 3-Year Success Metrics, the funding will remain at the 2024-25-year level causing pressures on the district budget to address ongoing cost increases and loss of purchasing powers.
- For Fiscal Year 2023-24 budget, California faces a revenue downturn following two years of exceptional growth, attributed to a declining stock market, high inflation, rising interest rates, and job losses in high-wage sectors. Despite these challenges, the state's planning and budget resilience position it strongly to address the financial shortfall. The State budget focuses on debt reduction and utilizes surplus funds for one-time commitments, safeguarding core programs and services.
- Notably, a record \$37.8 billion in budgetary reserves, with \$22.3 billion for the Rainy-Day Fund, serves as a safeguard against potential economic challenges. The budget adopts balanced solutions to address the \$31.7 billion shortfall, preserving key priorities in education, healthcare, climate initiatives, public safety, and social services. It expedites projects aligning with economic, climate, and social goals, while ensuring increased funding for K-12 schools, higher education, healthcare access, homelessness initiatives, and climate change efforts.
- The State budget protected core programs from drastic cuts in case of revenue shortfalls. This balanced approach reflects a commitment to navigate economic challenges while fortifying vital programs for the future. In the context of California Community Colleges (CCCs), adjustments in the 2023-24 budget include increased apportionments for COLA and enrollment growth, a shift in financing for affordable student housing grants, funding for Student-Centered Funding Formula costs, an online education study, awards for the Student Success Completion Grant Program, and provisions for community college reporting. Additionally, there's a flexible block grant and additional funding for specific projects and programs

**YUBA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

- GASB 75 – Retiree Health Benefits: The actuarial study required by GASB 75 to project the District's future Retiree Health funding obligations was updated in June 2021 and the roll-forward report as of June 2022 included a "Total OPEB Liability (TOL)" of \$39,518,506. The District was required to comply with GASB 75 beginning with the 2017-18 fiscal year. The District has established an irrevocable trust fund for Retiree Health Benefits during 2019-20. As of June 30, 2023, the District had made contributions inclusive of interest earnings of \$14,808,859 million to the Irrevocable Trust Fund for Retiree Health Benefits.
- Pensions: The District's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2023, the District's portion of PERS and STRS liability was \$48,842,434. During fiscal year 2022-23, the District established an irrevocable trust fund with the Public Agency Retirement Services (PARS). The district has made contributions inclusive of investment earnings totaling \$1,902,627 as of June 30, 2023.

FINANCIAL SECTION

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 143,330,475
Accounts receivable, net	11,565,251
Prepaid expenditures and other assets	418,263
Total Current Assets	155,313,989

Noncurrent Assets:

Lease receivable	704,090
Intangible right of use assets, net	2,423,776
Capital assets, net	197,924,644
Total Noncurrent Assets	201,052,510

TOTAL ASSETS

356,366,499

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	9,401,349
Deferred outflows - OPEB	10,305,194
Deferred outflows - pensions	13,844,725

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 389,917,767

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$ 13,119,636
Unearned revenue	53,212,429
Long-term debt, current portion	9,702,795
Total Current Liabilities	76,034,860

Noncurrent Liabilities:

Net Pension liability	48,842,434
Net OPEB liability	39,518,506
Long-term debt, non-current portion	195,959,826
Total Noncurrent Liabilities	284,320,766

TOTAL LIABILITIES

360,355,626

DEFERRED INFLOWS OF RESOURCES

Deferred gain on refunding	2,664,435
Deferred inflows - leases	691,445
Deferred inflows - OPEB	13,163,672
Deferred inflows - pensions	7,861,990

NET POSITION

Net investment in capital assets	39,290,072
Restricted for:	
Debt service	31,940,724
Capital projects	1,962,889
Unrestricted	(68,013,086)

TOTAL NET POSITION

5,180,599

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 389,917,767

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY
GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Tuition and fees (gross)	\$ 6,174,166
Less: Scholarship discounts and allowances	<u>(4,051,910)</u>
Net tuition and fees	<u>2,122,256</u>
Grants and contracts, noncapital:	
Federal	20,951,279
State	16,623,504
Local	<u>296,421</u>
TOTAL OPERATING REVENUES	<u>39,993,460</u>
OPERATING EXPENSES	
Salaries	40,789,712
Employee benefits	12,270,379
Supplies, materials, and other operating expenses and services	15,062,809
Student aid	24,246,370
Depreciation and amortization	<u>7,643,511</u>
TOTAL OPERATING EXPENSES	<u>100,012,781</u>
OPERATING INCOME (LOSS)	<u>(60,019,321)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	30,507,689
Local property taxes	36,692,120
State taxes and other revenues	5,119,152
Financial aid revenues	11,705,734
Investment income - noncapital	130,419
Interest expense on capital asset-related debt	(15,104,152)
Transfer to OPEB trust fund	(5,000,000)
Other non-operating revenues	<u>2,999,546</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>67,050,508</u>
OTHER REVENUE (EXPENSES)	
State apportionments, capital	11,659,460
Local property taxes and revenues, capital	<u>15,842,473</u>
Total Other Revenue (Expenses)	<u>27,501,933</u>
INCREASE (DECREASE) IN NET POSITION	<u>34,533,120</u>
NET POSITION -- BEGINNING OF YEAR	<u>(29,352,521)</u>
NET POSITION -- END OF YEAR	<u>\$ 5,180,599</u>

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 2,122,256
Grants and contracts	39,179,823
Payments to or on behalf of employees	(60,738,958)
Payments to students	(24,246,370)
Payments to vendors for supplies and services	20,176,372
Net Cash Provided (Used) by Operating Activities	<u>(23,506,877)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	30,507,689
Property taxes	36,692,120
State taxes and other revenues	5,119,152
Financial aid revenues	11,705,734
Transfer to trust	(5,000,000)
Other nonoperating cash flows	2,986,901
Net Cash Provided (Used) by Non-capital Financing Activities	<u>82,011,596</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Acquisition and construction of capital assets	(32,096,535)
State apportionments, capital	11,659,460
Local property tax, capital projects	15,842,473
Principal paid on capital debt	(9,407,926)
Principal paid on leases	(860,331)
Interest paid on capital debt	(12,570,074)
Net Cash Provided (Used) by Capital Financing Activities	<u>(27,432,933)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	130,419
Net Cash Provided (Used) by Investing Activities	<u>130,419</u>

NET INCREASE IN CASH & CASH EQUIVALENTS

CASH & CASH EQUIVALENTS, BEGINNING OF YEAR

CASH & CASH EQUIVALENTS, END OF YEAR

31,202,205
<u>112,128,270</u>
<u>\$ 143,330,475</u>

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Operating loss	<u>\$ (60,019,321)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and amortization expense	7,643,511
Changes in Assets and Liabilities:	
Receivables, net	1,308,619
Prepaid items	(8,592)
Deferred outflows of resources	(5,724,291)
Accounts payable and accrued liabilities	3,914,713
Unearned revenue	31,333,060
Long-term debt	686,134
Net pension liability	14,986,669
Deferred inflows of resources	<u>(17,627,379)</u>
Total Adjustments	<u>36,512,444</u>
Net Cash Flows From Operating Activities	<u>\$ (23,506,877)</u>

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FINANCIAL POSITION – DISCRETELY PRESENTED COMPONENT UNIT –
FOUNDATION
JUNE 30, 2023**

ASSETS

Current Assets

Cash and cash equivalents	\$ 357,900
Accounts receivable - related party	22,852
Short-term investments	<u>1,376,540</u>
Total Current Assets	<u>1,757,292</u>

Noncurrent Assets

Investments - noncurrent	8,519,249
Assets held by third party	<u>469,723</u>
Total Noncurrent Assets	<u>8,988,972</u>
Total Assets	<u>\$ 10,746,264</u>

LIABILITIES

Accounts payable	\$ 247,361
Amount held in trust for others	<u>1,057,999</u>
Total Liabilities	<u>1,305,360</u>

NET ASSETS

Net assets without donor restrictions	55,765
Net assets with donor restrictions	<u>9,385,139</u>
Total Net Assets	<u>9,440,904</u>
Total Liabilities and Net Assets	<u>\$ 10,746,264</u>

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ -	\$ 586,304	\$ 586,304
Net investment return	250,000	568,659	818,659
In-kind donations	17,940	-	17,940
Other income	500	71,589	72,089
Net assets released from restrictions	488,915	(488,915)	-
Total Support and Revenue	757,355	737,637	1,494,992
EXPENSES			
Program expenses:			
Grants and Scholarships	143,112	-	143,112
Professional Services	72,236	-	72,236
Supplies	16,357	-	16,357
Advertising & Printing	500	-	500
Travel	13	-	13
Salaries and Benefits	309,118	-	309,118
In-kind	17,940	-	17,940
Dues and Memberships	3,002	-	3,002
Entry Fees	2,255	-	2,255
Office expenses	2,220	-	2,220
Awards, Banquets, Meeting	-	-	-
Miscellaneous	34,682	-	34,682
Total Program Expenses	601,435	-	601,435
Administrative expenses	344,161	-	344,161
Total Expenses	945,596	-	945,596
CHANGE IN NET ASSETS	(188,241)	737,637	549,396
NET ASSETS, BEGINNING OF YEAR	244,006	8,647,502	8,891,508
NET ASSETS, END OF YEAR	\$ 55,765	\$ 9,385,139	\$ 9,440,904

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 549,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in:	
Accounts receivable	(11,801)
Assets held by third party	(20,146)
Accounts payable	(11,088)
Amounts held in trust for others	273,349
Net Cash Provided by Operating Activities	<u>779,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment activity	<u>(771,647)</u>
Net Cash Used by Investing Activities	<u>(771,647)</u>
Net increase in cash and cash equivalents	8,063
Cash and Cash Equivalents - Beginning of Year	<u>349,837</u>
Cash and Cash Equivalents - End of Year	<u>\$ 357,900</u>

See accompanying notes to the financial statements.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Definition of the Reporting Entity Yuba Community College District (the District) is a political subdivision of the State of California and provides higher education. The District consists of two community colleges and four additional centers (the Primary Institution).

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by, or dependent on, the District's executive and legislative branches. Control by, or dependence on, the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

The financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District and the Yuba Community College District Foundation (the Foundation) have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District. The separately audited financial statements of the Foundation may be obtained from the District.

The following are those aspects of the relationship between the District and the Foundation that satisfies GASB:

Accountability: The Foundation operates under a master agreement with the District in accordance with the California Education Code requirements. The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

Scope of Public Service: The Foundation is a nonprofit, public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to promote and assist the educational services of the District.

Discrete Presentation: For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

Basis of Accounting For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual*, issued by the Chancellor's Office of the California Community Colleges.

YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments purchased with an original maturity of three months or less.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with California Education Code, Section 41001, the District maintains substantially all of its cash in the Yuba County Treasury as part of the common investment pool. The County is restricted by California Government Code, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of less than two years. The fair value of the County pool at June 30, 2023 was 0.9480. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee as required by California Government Code, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of cash and cash equivalents. Realized gains and losses on cash and cash equivalents that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of cash and cash equivalents reported in the prior year. The change in fair value of cash and cash equivalents was significant during the year ended June 30, 2023, and there was a significant unrealized gain or loss on cash and cash equivalents held in the amount of \$7,718,900 as of June 30, 2023.

Accounts Receivable Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in California. Accounts receivable also include amounts due from the federal, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based on all student accounts receivable with an age greater than two years old in combination with historical collection information. There was allowance of \$437,842 as of June 30, 2023.

YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments Investments are reported at fair value. Fair value is determined from quoted market prices. The District is restricted by state law and the Board's investment policy in the types of investments that can be made. Permissible investments include the County treasury, the state local agency investment fund (LAIF), federally insured deposits, and individual securities. The weighted average maturity of all investments shall be three years or less. The District's investment policy established safety of principal as the primary investment objective. The District's investment strategy is to realize a reasonable interest yield, and investment decisions are executed with the intent that they will be held to maturity.

Unamortized Bond Discount Unamortized bond discount represents the difference between the par value of the bonds issued and the gross proceeds received, before issuance costs. This amount is amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective-interest method.

Capital Assets Capital assets are recorded at cost on the date of acquisition or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repair and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method with the monthly convention over the estimated useful life of the assets; generally 50 years for buildings, 10 years for land improvements, 8 years for equipment, and 3 years for technology equipment. Land and construction in progress are considered non-depreciable capital assets; therefore, no depreciation is computed.

Assets Held by Third Party The Foundation transfers funds to the Foundation for California Community Colleges (FCCC) in accordance with a partnership agreement dated March 2009 with the California Community Colleges Scholarship Endowment (the Endowment).

Advances From Grantors Advances from grantors include amounts received from grant and contract sponsors that have not yet been earned.

Advances From Students Advances from students include amounts received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Amounts Held in Trust for Others The Foundation administers funds for certain college related organizations. The liability represents the amount of funds held for these organizations.

YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences Compensated absences' costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District. The District has a load-banking program for eligible faculty employees whereby the employee may accrue overload service toward a paid leave.

Bond Premium Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are recorded as long-term liabilities.

Net Position The District's net position is classified as follows:

Net Investment in Capital Assets – Represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred for capital assets, but not yet expended, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the policy of both the District and the Foundation to first apply the expense towards restricted resources and then towards unrestricted resources.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Classification of Revenue The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues: Includes activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) most federal, state, and local grants and contracts, and federal appropriations.

Non-operating Revenues: Includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as State appropriations and investment income, according to GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting; and GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

Scholarship Discounts and Allowances and Financial Aid Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of activities. The District offers Board of Governors' waivers (BOG) to qualified students, and these tuition waivers are reported as scholarship discounts and allowances.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Risk Management The District's property and liability coverage is insured through the Northern California Community Colleges Self Insurance Authority (NCCC SIA). The District retains the risk up to \$1,000 per occurrence. The NCCC SIA retains the risk up to \$50,000 on property and \$50,000 on liability. Insurance above these levels is ceded to another joint power authority, Statewide Association of Community Colleges (SWACC), and to a level of \$5 million on liability and \$250 million on property.

The District is also a member of the NCCC SIA for workers' compensation coverage. Within NCCC SIA, the workers' compensation insurance program is insured with first-dollar coverage through a joint powers authority, Protected Insurance Program for Schools (PIPS).

Estimates Used in Financial Reporting In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The District's largest source of revenues are property taxes, enrollment fees, and state revenues. Each of these revenue types is subject to some estimation at the date of the financial statements.

Budgets and Budgetary Accounting By State law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

General Apportionment and Property Tax The District's general apportionment is received from a combination of local property taxes, state apportionments, and other local sources.

The counties are responsible for assessing, collecting, and apportioning property taxes. Taxes are levied each fiscal year on taxable real and personal property in the counties. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The following counties bill and collect the taxes for the District: Butte, Colusa, Glenn, Lake, Placer, Sutter, Yolo, and Yuba.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll on approximately October 1 of each year.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

General Apportionment and Property Tax, continued

Property taxes are recorded as local revenue sources by the District. The California Community Colleges Chancellor's Office reduces the District's entitlement by the District's local property tax revenue, Education Protection Account funding, and student fees. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's base revenue is the amount of general purpose tax revenue, per full-time equivalent student (FTES), that the District is entitled to by law.

New Accounting Pronouncements The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CASH 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

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The County Treasurer also holds investments in a separate investment agreement account other than the County Pooled Investment noted above on behalf of the District.

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 Obligations	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

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CASH AND INVESTMENTS, continued

Summary of Deposits and Investments

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

Governmental Funds:

Cash on hand and in banks	\$ 659,241
County treasurer's investment pool	140,759,308
Cash with fiscal agent	1,911,926
Total cash and investments - Primary Government	<u>\$ 143,330,475</u>

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

Fiduciary Funds:

Cash with fiscal agent	\$ 14,808,859
Total cash and investments - Fiduciary Funds	<u>\$ 14,808,859</u>

Summary of Deposits and Investments

Deposits and investments of the Discretely Presented Component Unit - Foundation as of June 30, 2023, consist of the following:

Foundation:

Cash on hand and in banks	\$ 357,900
Municipal bonds	3,438,480
Money market mutual fund	108,531
Equity securities	6,348,778
Total cash and investments - Foundation	<u>\$ 10,253,689</u>

Custodial Credit Risk – Deposits

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District and Foundation do not have a deposit policy for custodial credit risk. As of June 30, 2023, none of the District's or Foundation's bank balances were uninsured and uncollateralized.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CASH AND INVESTMENTS, continued

District – Investment Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor’s or AAA, AA, or A by Moody’s indices. The District does not have an investment policy that would further limit investment choices.

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
County treasurer's investment pool	\$ 133,442,639	Unrated

Foundation – Investment Credit Risk

The Foundation does not have an investment policy that limits its investment choices.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. Pursuant to *California Government Code*, Section 53601, no more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises. There were no concentrations of credit risk for the District at June 30, 2023. The Foundation did not have any investments that exceeded 5%.

District – Investment Interest Rate Risk

California Government Code, Section 53601, limits the District’s investments to maturities of five years. The District does not have an investment policy regarding interest rate risk.

The schedule of maturities for the District at June 30, 2023, is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
County treasurer's investment pool	\$ 133,442,639	One to Five Years

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CASH AND INVESTMENTS, continued

Foundation – Investment Interest Rate Risk

The Foundation's investment policy requires that at least 40% of investments be in fixed income securities and 50% to 60% in equities. Investment decisions are executed with the intent that they will be held to maturity.

Foundation – Highly Sensitive Investments

The U.S. government agency securities (Federal Home Loan Bank) are mortgage-backed securities which entitle the purchaser to receive a share of the cash flows, such as principal and interest payments, from a pool of mortgages. Mortgage securities are sensitive to interest rate changes because principal payments either increase (in a low interest rate environment) or decrease (in a high interest rate environment). A change, up or down, in the payment rate will result in a change in the security yield.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. As of June 30, 2023, accounts receivable amounted to \$11,565,251.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – INTANGIBLE RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

	Adjusted Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Intangible Right of Use Assets:				
Leased buildings	\$ 2,110,625	\$ -	\$ -	\$ 2,110,625
Leased equipment	533,931	-	-	533,931
Leased software	2,133,132	155,006	-	2,288,138
Total Intangible Right of Use Assets	4,777,688	155,006	-	4,932,694
Less Accumulated Amortization				
Leased buildings	1,319,141	211,063	-	1,530,204
Leased equipment	332,076	106,786	-	438,862
Leased software		539,852	-	539,852
Total Accumulated Amortization	1,651,217	857,701	-	2,508,918
Intangible Right of Use Assets, net	\$ 3,126,471	\$ (702,695)	\$ -	\$ 2,423,776

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 6,139,728	\$ -	\$ -	\$ 6,139,728
Construction in progress	12,057,430	27,359,181	471,926	38,944,685
Total Capital Assets not being Depreciated	18,197,158	27,359,181	471,926	45,084,413
Capital Assets being Depreciated				
Site improvements	3,787,191	-	-	3,787,191
Buildings & improvements	222,622,161	936,599	-	223,558,760
Equipment	14,599,877	4,029,641	-	18,629,518
Vehicles	846,680	243,040	-	1,089,720
Total Capital Assets being Depreciated	241,855,909	5,209,280	-	247,065,189
Total Capital Assets	260,053,067	32,568,461	471,926	292,149,602
Less Accumulated Depreciation	87,439,148	6,785,810	-	94,224,958
Net Capital Assets	\$ 172,613,919	\$ 25,782,651	\$ 471,926	\$ 197,924,644

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES

The long-term liability activity for the year ended June 30, 2023, was as follows:

	Adjusted Balance		Payments and		Balance	Due Within
	July 1, 2022	Additions	Reductions	June 30, 2023		
Compensated absences	\$ 1,696,507	\$ 191,589	\$ -	\$ 1,888,096	\$ -	
General obligation bonds	187,207,871	170,572	6,360,000	181,018,443	6,070,000	
QEC Bonds - central plant	1,973,954	-	471,470	1,502,484	485,854	
QEC Bonds - solar project	5,310,000	-	915,000	4,395,000	985,000	
Unamortized bond premium	10,971,204	-	956,788	10,014,416	956,788	
California Energy Commission note payable	617,656	-	136,772	480,884	137,424	
CREB leases	5,331,000	-	1,524,684	3,806,316	202,213	
Lease liability	1,129,175	-	339,618	789,557	319,262	
Subscription liability	2,133,132	155,006	520,713	1,767,425	546,254	
Total Long-Term Liabilities	\$ 216,370,499	\$ 517,167	\$ 11,225,045	\$ 205,662,621	\$ 9,702,795	

Description of Debt

Payments on the general obligation bonds and lease revenue bonds are made by the Capital Outlay fund. The capital lease payments are made by the General Fund and Capital Outlay fund. The compensated absences are made by the fund for which the employees' salaries are paid from.

Bonds Payable

The outstanding bonded debt is as follows:

Series	Issuance Date	Interest Yield	Maturity Date	Amount of Original Issue	Bonds			Bonds Outstanding June 30, 2023	Due Within One Year
					Outstanding July 1, 2022	Additions	Redeemed		
2006 Series C	7/12/2011	0.48-7.25%	8/1/2050	\$ 34,935,795	\$ 7,387,871	\$ 170,572	\$ -	\$ 7,558,443	\$ -
2015 Series A Refunding	6/18/2015	1.48-3.64%	8/1/2030	3,790,000	3,350,000	-	205,000	3,145,000	235,000
2015 Series B Refunding	6/18/2015	1.48-3.30%	8/1/2030	25,040,000	22,215,000	-	1,345,000	20,870,000	1,570,000
2006 Series D	4/6/2016	1.14-3.09%	8/1/2039	26,500,000	26,375,000	-	265,000	26,110,000	415,000
2016 Series A Refunding	5/12/2016	0.74-3.07%	8/1/2038	72,010,000	69,930,000	-	1,070,000	68,860,000	1,125,000
2017 Refunding	12/28/2017	1.19-3.19%	8/1/2047	29,410,000	26,985,000	-	675,000	26,310,000	645,000
2016 Series A	10/31/2019	1.03-2.2%	8/1/2032	33,565,000	30,965,000	-	2,800,000	28,165,000	2,080,000
				229,055,795	187,207,871	170,572	6,360,000	181,018,443	6,070,000
2011 QEC Bonds - Central Plant	6/3/2011	2.84-6.50%	6/3/2026	6,324,000	1,973,954	-	471,470	1,502,484	485,854
2011 QEC Bonds - Solar Project	6/15/2011	2.03-6.29%	6/1/2027	15,040,000	5,310,000	-	915,000	4,395,000	985,000
				21,364,000	7,283,954	-	1,386,470	5,897,484	1,470,854
Total				\$ 250,419,795	\$ 194,491,825	\$ 170,572	\$ 7,746,470	\$ 186,915,927	\$ 7,540,854

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds

The District issued 2006 Series C bonds in the aggregate principal amount of \$34,935,795 with interest yields ranging from 0.48 to 7.25 percent and maturing through August 1, 2050. The District refunded a portion of the 2006 Series C bonds with the issuance of the 2017 Refunding bonds.

The annual requirements to amortize the 2006 Series C general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029-2033	-	-	-	-
2034-2038	-	-	-	-
2039-2043	1,143,700	-	6,186,300	7,330,000
2044-2048	-	-	-	-
2049-2051	2,332,405	-	32,022,594	34,354,999
Accretion	4,082,338	-	(4,082,338)	-
Total	\$ 7,558,443	\$ -	\$ 34,126,556	\$ 41,684,999

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2015 Series A refunding bonds in the aggregate principal amount of \$3,790,000 with interest yields ranging from 1.48 to 3.64 percent and maturing through August 1, 2030.

The annual requirements to amortize the 2015 Series A general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 235,000	\$ 110,431	\$ 345,431
2025	275,000	97,681	372,681
2026	320,000	82,806	402,806
2027	360,000	69,406	429,406
2028	410,000	57,856	467,856
2029-2031	1,545,000	83,134	1,628,134
Total	\$ 3,145,000	\$ 501,314	\$ 3,646,314

The District issued 2015 Series B crossover refunding bonds in the aggregate principal amount of \$25,040,000 with interest yields ranging from 1.48 to 3.30 percent and maturing through August 1, 2030.

The annual requirements to amortize the 2015 Series B general obligation crossover refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,570,000	\$ 1,004,250	\$ 2,574,250
2025	1,835,000	919,125	2,754,125
2026	2,105,000	820,625	2,925,625
2027	2,395,000	708,125	3,103,125
2028	2,710,000	580,500	3,290,500
2029-2031	10,255,000	806,375	11,061,375
Total	\$ 20,870,000	\$ 4,839,000	\$ 25,709,000

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2006 Series D bonds in the aggregate principal amount of \$26,500,000 with interest yields ranging from 1.14 to 3.09 percent and maturing through August 1, 2039.

The annual requirements to amortize the 2006 Series D general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 415,000	\$ 995,081	\$ 1,410,081
2025	575,000	970,331	1,545,331
2026	690,000	938,707	1,628,707
2027	815,000	911,269	1,726,269
2028	940,000	886,981	1,826,981
2029-2033	7,275,000	3,552,031	10,827,031
2034-2038	10,475,000	1,616,694	12,091,694
2039-2040	4,925,000	155,080	5,080,080
Total	\$ 26,110,000	\$ 10,026,174	\$ 36,136,174

The District issued 2016 Series A Refunding bonds in the aggregate principal amounts of \$72,010,000, with interest yields ranging from 0.74 to 3.07 percent and maturing through August 1, 2038.

The annual requirements to amortize the 2016 Series A general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,125,000	\$ 2,208,525	\$ 3,333,525
2025	1,180,000	2,150,900	3,330,900
2026	1,235,000	2,090,525	3,325,525
2027	1,300,000	2,027,150	3,327,150
2028	1,365,000	1,974,175	3,339,175
2029-2033	17,155,000	8,945,525	26,100,525
2034-2038	43,010,000	3,816,275	46,826,275
2039	2,490,000	37,350	2,527,350
Total	\$ 68,860,000	\$ 23,250,425	\$ 92,110,425

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2017 refunding bonds in the aggregate principal amount of \$29,410,000 with interest yields ranging from 1.19 to 3.19 percent and maturing through August 1, 2047.

The annual requirements to amortize the 2016 general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 645,000	\$ 1,009,331	\$ 1,654,331
2025	600,000	978,206	1,578,206
2026	615,000	947,831	1,562,831
2027	635,000	916,581	1,551,581
2028	650,000	884,456	1,534,456
2029-2033	3,565,000	4,019,506	7,584,506
2034-2038	3,800,000	3,473,922	7,273,922
2039-2043	6,615,000	2,487,300	9,102,300
2044-2047	9,185,000	996,100	10,181,100
Total	\$ 26,310,000	\$ 15,713,233	\$ 42,023,233

The District issued 2016 Series A bonds in the aggregate principal amount of \$26,500,000 with interest yields ranging from 1.03 to 2.20 percent and maturing through August 1, 2032.

The annual requirements to amortize the 2006 Series D general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,080,000	\$ 942,150	\$ 3,022,150
2025	2,240,000	834,150	3,074,150
2026	2,410,000	717,900	3,127,900
2027	2,605,000	592,525	3,197,525
2028	2,820,000	456,900	3,276,900
2029-2033	16,010,000	862,400	16,872,400
Total	\$ 28,165,000	\$ 4,406,025	\$ 32,571,025

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

Qualified Energy Conservation Bonds

Interest payments for the qualified energy conservation bonds are subsidized by the government with subsidy payments being sent to the District at regular intervals corresponding to the interest payments being made. These subsidy payments are reported as revenue for the District; therefore, the future interest payments shown in the tables below represent the gross payment amounts.

The District issued 2011 Central Plant qualified energy conservation bonds in the aggregate principal amount of \$6,324,000 with an interest yields of 2.84 to 6.50 percent and maturing through June 3, 2026.

The annual requirements to amortize the 2011 Central Plant qualified energy conservation bonds payable are as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Total
2024	\$ 485,854	\$ 89,826	\$ (47,981)	\$ 527,699
2025	500,677	58,004	(30,983)	527,698
2026	515,953	25,215	(13,469)	527,699
Total	\$ 1,502,484	\$ 173,045	\$ (92,433)	\$ 1,583,096

The District issued 2011 Solar Project qualified energy conservation bonds in the aggregate principal amount of \$15,040,000 with interest yields ranging from 2.03 to 6.29 percent and maturing through June 1, 2027.

The annual requirements to amortize the 2011 Solar Project qualified energy conservation bonds payable are as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Total
2024	\$ 985,000	\$ 263,700	\$ (159,056)	\$ 1,089,644
2025	1,060,000	204,600	(123,408)	1,141,192
2026	1,135,000	141,000	(85,046)	1,190,954
2027	1,215,000	72,900	(43,970)	1,243,930
Total	\$ 4,395,000	\$ 682,200	\$ (411,480)	\$ 4,665,720

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

Qualified Energy Conservation Bonds, continued

On June 15, 2013, the District entered into an unsecured note payable due to the California Energy Commission. Semiannual installments of \$34,828 are due beginning December 22, 2014, through June 22, 2028, at an interest rate of 1.00%.

Additionally, on March 22, 2016, the District entered into an unsecured note payable due to the California Energy Commission for \$900,000. The requirements of both agreements are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 137,424	\$ 3,232	\$ 140,656
2025	138,099	2,558	140,657
2026	67,772	1,885	69,657
2027	68,452	1,205	69,657
2028	69,137	521	69,658
Total	\$ 480,884	\$ 9,401	\$ 490,285

In 2017-18, the District issued \$6,000,000 in Clean Renewable Energy Bonds (CREBs). The bonds mature through August 1, 2037.

The annual requirements to amortize the CREBs are as follows:

Fiscal Year	Principal	Interest	Subsidy	Total
2024	\$ 203,213	\$ 168,194	\$ (103,473)	\$ 267,935
2025	215,211	158,696	(97,629)	276,278
2026	227,959	148,636	(91,440)	285,154
2027	241,457	137,980	(84,885)	294,551
2028	255,704	126,694	(77,942)	304,456
2029-2033	1,216,281	465,754	(286,531)	1,395,504
2034-2038	1,446,491	170,066	(104,624)	1,511,932
Total	\$ 3,806,316	\$ 1,376,020	\$ (846,524)	\$ 4,335,810

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES, continued

Leases

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

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	2	5%	12/19/2018 - 12/18/2024	\$ 119,950
Buildings	1	3.00%	4/17/2016 - 4/16/2026	\$ 247,221
Subscriptions	8	2.34%	7/1/2021 - 4/27/2028	\$ 441,856

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 865,516	\$ 54,573	\$ 920,089
2025	825,294	31,928	857,222
2026	748,725	11,218	759,943
2027	87,799	1,541	89,340
2028	29,648	239	29,887
Total	\$ 2,556,982	\$ 99,499	\$ 2,656,481

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 39,518,506	\$ 10,305,194	\$ 13,163,672	\$ (381,659)

Plan Description

The District provides certain health care benefits for retired salaried employees. The District's salaried employees may become eligible for those benefits if they reach normal retirement age and length of service while working for the District. The District covers these benefits for retirees and all eligible dependents to age 65 or for the retirees' lifetimes depending on the type of retiree (faculty, classified, academic management, or classified management/confidential).

The District, effective with the approval of the Board of Trustees on August 23, 2017 joined the California Public Employees Retirement System (CALPERS) and California Employers Retirement Benefits Trust (CERTB), an agent multiple-employer defined benefit OPEB plan. The CALPERS CERTB is a joint powers authority as discussed in note 11. The Retirement Health Benefit Program (RHBP) does not issue a stand-alone financial report.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Funding Policy

The District’s agreement with retired employees is for monthly contributions for members who meet the eligibility criteria of their collective agreement and who retire during the term of the contract. The contribution requirements of the District and plan members are established and may be amended by the District through the collective bargaining process.

The following is a summary of the current employee retiree benefit plan:

	Faculty	Classified	Academic Management	Classified Management/ Confidential
Applies to	Regardless of hire date	Regardless of hire date	Hired prior to 7/1/02	Hired prior to 7/1/02
Benefit types provided	Medical only*	Medical only	Medical and life	Medical only
Duration of Benefits	Lifetime	To age 65**	Lifetime	Lifetime
Required Service	20 years	20 years	10 years	10 years
Minimum Age	55	55	55	60
Dependent Coverage	No*	Yes	Yes	Yes
College Contribution %	100%	100%	One-third	One-third
College Cap	None	\$1,000 per year	None	None

*Faculty hired prior to July 1, 2002 also receive dental, vision and life coverage and dependents can be covered.

**Classified employees hired prior to January 1, 2003 receive lifetime coverage with no cap; Classified employees hired between January 1, 2003 and July 1, 2008 receive lifetime coverage at the \$1,000 level.

**YUBA COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Employees Covered by Benefits Term

The following is a table of plan participants as of the June 30, 2021 valuation:

	Number of Participants
Inactive Employees Receiving Benefits	232
Active Employees	253
	<u>485</u>

Actuarial Assumptions The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.75%
Discount rate	5.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and school employees were used.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 48,277,812	\$ 9,253,851	\$ 39,023,961
Changes for the year:			
Service cost	635,420	-	635,420
Interest	2,712,278	-	2,712,278
Employer contributions	-	2,850,923	(2,850,923)
Expected Investment income	-	4,583	(4,583)
Administrative expense	-	(2,353)	2,353
Expected benefit payments	(2,850,923)	(2,850,923)	-
Net change	496,775	2,230	494,545
Balance June 30, 2023	\$ 48,774,587	\$ 9,256,081	\$ 39,518,506

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 5.75 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.75 percent) and 1 percent higher (6.75%):

	Discount Rate 1% Lower (4.75%)	Current Discount Rate (5.75%)	Discount Rate 1% Higher (6.75%)
Net OPEB liability	\$ 44,785,663	\$ 39,518,506	\$ 35,075,369

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Trend Rate 1% Lower (3.0%)	Current Trend Rate (4.0%)	Trend Rate 1% Higher (5.0%)
Net OPEB liability	\$ 34,212,641	\$ 39,518,506	\$ 45,875,761

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of \$381,659. As of the year ended June 30, 2023, the Authority reported deferred outflows and inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 1,168,346	\$ -
Differences between expected and actual experience	105,400	3,936,000
Change in assumptions	4,031,448	9,227,672
District contributions subsequent to the measurement date	5,000,000	-
	<u>\$ 10,305,194</u>	<u>\$ 13,163,672</u>

The deferred outflows/(inflows) of resources related to OPEB will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 830,500
2024	(3,200,945)
2025	(3,150,706)
2026	(1,003,991)
2027	(1,111,109)
Thereafter	(222,227)
	<u>\$ (7,858,478)</u>

NOTE 9 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers' Retirement System (CalSTRS), and Classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 24,037,213	\$ 5,408,994	\$ 3,551,645	\$ 2,157,939
CalPERS	24,805,221	8,435,731	4,310,345	2,425,706
Total	<u>\$ 48,842,434</u>	<u>\$ 13,844,725</u>	<u>\$ 7,861,990</u>	<u>\$ 4,583,645</u>

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS)

General Information about the Pension Plan

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

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$3,359,963.

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

As of June 30, 2023, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling \$24,805,221. 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 school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.072 percent and 0.089 percent, resulting in a net decrease in the proportionate share of 0.017 percent.

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

For the year ended June 30, 2023, the District recognized pension expense of \$2,425,706. 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
Difference between projected and actual earnings on plan investments	\$ 2,928,820	\$ -
Differences between expected and actual experience	112,105	617,187
Changes in assumptions	1,834,949	-
Net changes in proportionate share of net pension liability	199,894	3,693,158
District contributions subsequent to the measurement date	3,359,963	-
Total	\$ 8,435,731	\$ 4,310,345

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 206,189
2025	(145,127)
2026	(237,584)
2027	941,945
	\$ 765,423

Actuarial assumptions. For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

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	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
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%
Liquidity	100%	

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

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

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 35,832,397	\$ 24,805,221	\$ 15,691,664

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS)

General Information about the Pension Plan

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

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

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

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

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

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

**YUBA COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

General Information about the Pension Plan, continued

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$3,712,479.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$1,705,506 to CalSTRS.

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

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 the net pension liability	\$ 24,037,213
State's proportionate share of the net pension liability associated with the District	12,037,907
Total	<u>\$ 36,075,120</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 school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.035 percent and 0.035 percent, resulting in no percent movement in the proportionate share.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

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

For the year ended June 30, 2023, the District recognized pension expense of \$2,157,939. 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 1,176,226
Differences between expected and actual experience	19,718	1,801,994
Changes in assumptions	1,191,183	-
Net changes in proportionate share of net pension liability	485,614	573,425
District contributions subsequent to the measurement date	3,712,479	-
Total	<u>\$ 5,408,994</u>	<u>\$ 3,551,645</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (122,635)
2025	(1,170,124)
2026	(1,877,849)
2027	1,647,323
2028	(249,168)
Thereafter	(82,677)
	<u>\$ (1,855,130)</u>

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a 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 actuarial 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 and adopted by the CalSTRS Board in January 2020 in conjunction with the most recent experience study. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized herein.

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

**YUBA COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Discount rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those 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 the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 40,824,103	\$ 24,037,213	\$ 10,099,047

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

The District received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): Schools Excess Liability Fund (SELF), Tri-County Schools Insurance Group (TCSIG), Northern California Community Colleges Self Insurance Authority (NCCC SIA), Statewide Association of Community Colleges (SWACC), and CALPERS CERTB. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

TCSIG arranges for and provides health benefits coverage for its member districts. CALPERS CERBT has established the Retiree Health Benefit Program (RHBP) to fund the District's net OPEB liability from funds set-aside by the District. As of June 30, 2023, the CERBT has a balance of \$16,711,486. CAMP is a JPA created to provide investment management services for surplus funds and comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of tax-exempt financings. The District participates in the remaining JPAs to mitigate its risks associated with property and liability insurance, as well as workers' compensation coverage, as described further in note 2 above.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member (except CAMP and CCLC) pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's (except CAMP). Separately issued financial statements can be requested from each JPA.

NOTE 12 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 14, 2023, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 635,420	\$ 613,996	\$ 597,563	\$ 262,535	\$ 150,401
Interest	2,712,278	3,254,128	3,207,224	2,657,770	1,767,840
Experience gains (losses)	-	(5,449,848)	-	233,899	-
Changes of assumptions	-	(2,550,681)	-	(16,915,219)	24,188,693
Benefit payments	(2,850,923)	(3,036,515)	(3,026,001)	(2,762,151)	(2,725,450)
Net change in total OPEB liability	496,775	(7,168,920)	778,786	(16,523,166)	23,381,484
Total OPEB liability, beginning of year	48,277,812	55,446,732	54,667,946	71,191,112	47,809,628
Total OPEB liability, end of year (a)	\$ 48,774,587	\$ 48,277,812	\$ 55,446,732	\$ 54,667,946	\$ 71,191,112
Plan fiduciary net position					
Employer contributions	\$ 2,850,923	\$ 9,692,459	\$ 6,031,678	\$ 2,762,151	\$ 2,725,450
Investment income	4,583	(894,730)	89,987	-	-
Investment gains/losses	-	157,598	251,202	-	-
Administrative expense	(2,353)	(5,707)	(443)	-	-
Expected benefit payments	(2,850,923)	(3,036,515)	(3,031,678)	(2,762,151)	(2,725,450)
Change in plan fiduciary net position	2,230	5,913,105	3,340,746	-	-
Fiduciary trust net position, beginning of year	9,253,851	3,340,746	-	-	-
Fiduciary trust net position, end of year (b)	\$ 9,256,081	\$ 9,253,851	\$ 3,340,746	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 39,518,506	\$ 39,023,961	\$ 52,105,986	\$ 54,667,946	\$ 71,191,112
Covered payroll	\$ 30,666,339	\$ 30,107,186	\$ 30,107,186	\$ 31,107,043	\$ 31,107,043
Plan fiduciary net position as a percentage of the total OPEB liability	19%	19%	6%	0%	0%
Net OPEB asset as a percentage of covered payroll	129%	130%	173%	182%	229%

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,997,082	\$ 2,850,923	\$ 3,036,515	\$ 3,026,001	\$ 2,762,151	\$ 2,725,450
Contributions in relations to the actuarially determined contribution	2,884,647	6,137,298	6,117,676	5,867,816	2,620,625	2,620,625
Contribution deficiency (excess)	\$ 112,435	\$ (3,286,375)	\$ (3,081,161)	\$ (2,841,815)	\$ 141,526	\$ 104,825
Covered-employee payroll	\$ 30,666,339	\$ 30,107,186	\$ 30,107,186	\$ 30,107,186	\$ 31,107,043	\$ 22,197,595
Contribution as a percentage of covered-employee payroll	9.41%	20.38%	20.32%	19.49%	8.42%	11.81%

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.035%	0.035%	0.034%	0.034%	0.034%
District's proportionate share of the net pension liability	\$ 24,037,213	\$ 15,847,253	\$ 32,550,890	\$ 30,311,129	\$ 31,304,119
State's proportionate share of the net pension liability associated with the District	12,037,907	7,973,890	16,779,852	16,536,878	17,923,934
Total	\$ 36,075,120	\$ 23,821,143	\$ 49,330,742	\$ 46,848,007	\$ 49,228,053
District's covered - employee payroll	\$ 19,741,885	\$ 19,297,994	\$ 18,543,161	\$ 19,586,143	\$ 19,890,360
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	122%	82%	176%	155%	157%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.072%	0.089%	0.090%	0.092%	0.088%
District's proportionate share of the net pension liability	\$ 24,805,221	\$ 18,008,512	\$ 27,482,570	\$ 26,772,072	\$ 23,387,981
District's covered - employee payroll	\$ 12,459,738	\$ 12,965,816	\$ 13,067,806	\$ 13,201,733	\$ 13,168,488
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	199%	139%	210%	203%	178%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.033%	0.037%	0.037%	0.037%
District's proportionate share of the net pension liability	\$ 30,946,114	\$ 29,913,464	\$ 24,782,820	\$ 21,833,744
State's proportionate share of the net pension liability associated with the District	18,307,608	17,031,708	13,107,344	13,202,697
Total	\$ 49,253,722	\$ 46,945,172	\$ 37,890,164	\$ 35,036,441
District's covered - employee payroll	\$ 18,168,275	\$ 14,140,000	\$ 10,274,997	\$ 15,515,304
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	170%	212%	241%	141%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	77%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.086%	0.090%	0.091%	0.102%
District's proportionate share of the net pension liability	\$ 20,501,600	\$ 17,689,266	\$ 13,485,143	\$ 11,533,112
District's covered - employee payroll	\$ 11,452,952	\$ 10,040,717	\$ 10,283,826	\$ 10,710,962
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	179%	176%	131%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	83%	83%

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
CalSTRS					
Statutorily required contribution	\$ 3,712,479	\$ 3,340,327	\$ 3,116,626	\$ 3,361,875	\$ 3,188,624
District's contributions in relation to the statutorily required contribution	3,712,479	3,340,327	3,116,626	3,361,875	3,188,624
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 21,941,365	\$ 19,741,885	\$ 19,297,994	\$ 18,543,161	\$ 19,586,143
District's contributions as a percentage of covered-employee payroll	16.92%	16.15%	18.13%	16.28%	14.43%
	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
CalPERS					
Statutorily required contribution	\$ 3,359,963	\$ 2,854,526	\$ 2,683,924	\$ 2,577,102	\$ 2,384,497
District's contributions in relation to the statutorily required contribution	3,359,963	2,854,526	2,683,924	2,577,102	2,384,497
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,665,923	\$ 12,459,738	\$ 12,965,816	\$ 13,067,806	\$ 13,201,733
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CaSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 2,870,179	\$ 2,285,569	\$ 2,031,915	\$ 1,536,440
District's contributions in relation to the statutorily required contribution	2,870,179	2,285,569	2,031,915	1,536,440
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,890,360	\$ 18,168,275	\$ 14,140,000	\$ 10,274,997
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	14.37%	14.95%
CaLPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,829,103	\$ 1,590,815	\$ 1,447,948	\$ 1,233,459
District's contributions in relation to the statutorily required contribution	1,829,103	1,590,815	1,447,948	1,233,459
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,168,488	\$ 11,452,952	\$ 10,040,717	\$ 10,283,826
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	14.42%	11.99%

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

**YUBA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations.

Changes in Assumptions – There were no changes in benefit terms since the previous valuations.

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

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

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

Changes of Assumptions – There were no changes in assumptions since the previous valuations for CalSTRS. The discount rate and investment rate of return for CalPERS as of the June 30, 2022 measurement date was 6.90%, while as of the June 30, 2021 measurement date it was 7.15%.

Schedule of Contributions – Pensions

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

**SUPPLEMENTARY
INFORMATION**

**YUBA COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2023**

The District, a political subdivision of the State of California, was established on July 1, 1964, and commenced operations on July 1, 1965. Its territories encompass Yuba, Sutter, and Colusa counties and portions of Glenn, Lake, Yolo, Butte, and Placer counties. There were no changes in boundaries during the fiscal year.

BOARD OF TRUSTEES

NAME	OFFICE	TERM EXPIRES
Juan Delgado	President	2024
Susan Alves	Vice President	2024
Jesse Ortiz	Clerk	2026
Douglas Harris	Trustee	2024
Richard Teagarden	Trustee	2026
Dennise Burbank	Trustee	2024
Rita Andrews	Trustee	2024
Arkeisha Johnson-Solomon	Student Trustee - YC	2024
Melissa Miller	Student Trustee - WCC	2024

DISTRICT ADMINISTRATION

Dr. Shouan Pan
Chancellor

Dr. Tawny Dotson
President, Yuba College

Santanu Bandyopadhyay
Interim President, Woodland Community College

Kuldeep Kaur
Vice Chancellor Administrative Services

Dr. Sonja Lolland
Vice Chancellor Education and Planning

Jake Hurley
Associate Vice Chancellor of Human Resources

Devin Crosby
Chief Technology Officer

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Yuba Community College District Foundation	Thomas "Jay" Lowden, Director Foundation	Organized 1972, Master Agreement approved by Board March 3, 2020.

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal Assistance Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Awards</i>			
<i>Financial Aid Cluster</i>			
Federal Work Study Program	*	84.033	\$ 349,096
Federal Pell Grant Program	*	84.063	10,679,944
Federal FSEOG	*	84.007	428,200
Federal Direct Loans	*	84.268	597,590
Total Financial Aid Cluster			<u>12,054,830</u>
<i>TRIO Cluster</i>			
TRIO - Student Support Services	*	84.042	1,026,294
TRIO - Talent Search	*	84.044	229,996
TRIO - Upward Bound	*	84.047	704,137
Total TRIO Cluster			<u>1,960,427</u>
<i>Higher Education Emergency Relief Fund (HEERF)</i>			
COVID-19 HEERF II Institutional Portion	*	84.425F	327,980
COVID-19 HEERF III Institutional Portion	*	84.425F	9,590,578
COVID-19 HEERF III Student Portion	*	84.425E	6,543,059
COVID-19 HEERF III MSI	*	84.425L	354
Total Higher Education Emergency Relief Fund (HEERF)			<u>16,461,971</u>
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education - Basic Grants to States	*	84.048	240,376
Total U.S. Department of Education			<u>30,717,604</u>
DEPARTMENT OF VETERANS AFFAIRS			
<i>Direct Award</i>			
Veterans Education	*	64.028	1,872
Total Department of Veterans Affairs			<u>1,872</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed through California Community Colleges Chancellor's Office</i>			
Early Action Emergency Funds	*	21.027	1,086,937
Total Department of Treasury			<u>1,086,937</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Awards</i>			
Child and Adult Care Food Program	2657-6A	10.558	65,492
<i>Passed through Yuba County Office of Education</i>			
Forest Reserve	*	10.992	3,444
Total U.S. Department of Agriculture			<u>68,936</u>
Balance Forward			<u>\$ 31,875,349</u>

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal Assistance Number	Federal Expenditures
Balance Brought Forward			\$ 31,875,349
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through California Community Colleges Chancellor's Office</i>			
Temporary Assistance for Needy Families	*	93.558	84,540
<i>Passed Through the California Department of Education</i>			
Child Care and Development Block Grant	CCTR-2350	93.575	44,219
Child Care Mandatory and Matching Funds of the Child Care	CCTR-2350	93.596	92,538
Total U.S. Department of Health and Human Services			<u>221,297</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 32,096,646</u>

*Pass-Through number is either not available or not applicable

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Revenues				
	Cash Received	Accounts Receivable (Payable)	Grantor Advances	Total Revenue	Program Expenditures
CATEGORICAL APPORTIONMENTS					
Extended Opportunity Program and Services	\$ 3,365,453	\$ -	\$ 1,879,338	\$ 1,486,115	\$ 1,486,115
Cooperative Agencies Resources for Education	821,241	-	599,753	221,488	221,488
Disabled Student Program and Services	2,267,800	-	1,422,776	845,024	845,024
Board Financial Assistance Program	524,660	-	93,412	431,248	431,248
Cal Grant	1,811,163	119,873	-	1,931,036	1,931,036
Student Success Completion	3,081,524	-	628,376	2,453,148	2,453,148
Staff Development	9,434	-	9,434	-	-
Staff Diversity	402,582	-	402,582	-	-
Classified Professional Development	27,175	-	27,175	-	-
CalWorks	871,703	-	550,458	321,245	321,245
Financial Aid Technology	127,675	-	53,160	74,515	74,515
RN Capacity Building	205,878	-	-	205,878	205,878
Guided Pathways	370,295	-	90,924	279,371	279,371
California Community College Promise	798,804	-	581,925	216,879	216,879
Veteran Resource Center	100,252	-	100,252	-	-
Veteran Program	129,510	-	86,474	43,036	43,036
Campus Safety	9,601	-	9,601	-	-
Student Equity	6,203,596	-	3,199,280	3,004,316	3,004,316
Subtotal	21,128,346	119,873	9,734,920	11,513,299	11,513,299

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Revenues				
	Cash Received	Accounts	Grantor Advances	Total Revenue	Program Expenditures
		Receivable (Payable)			
Balance Forward	21,128,346	119,873	9,734,920	11,513,299	11,513,299
CATEGORICAL PROGRAM ALLOWANCES					
Puente Project	35,000	1,656	27,722	8,934	8,934
Lottery	1,247,245	233,130	1,087,932	392,443	392,443
Foster Parent	263,204	64,700	-	327,904	327,904
Foster Care Education	28,916	14,377	-	43,293	43,293
State Preschool	1,267,807	(71,754)	-	1,196,053	1,196,053
Independent Living Program	156,934	77,843	8,912	225,865	225,865
MESA	178,600	82,794	-	261,394	261,394
Child Development Training	8,510	115	-	8,625	8,625
Strong Workforce	4,383,700	674	1,387,724	2,996,650	2,996,650
IEPI	82,081	-	82,081	-	-
WCC Textbook Program	12,320	-	12,320	-	-
DSN - Culinary Arts	3,609	-	3,232	377	377
Adult Education	505,034	90,843	296,860	299,017	299,017
Konocti Middle College	142,047	-	105,756	36,291	36,291
Veterans Resource Center	75,345	-	24,802	50,543	50,543
STEM Pathways	467,024	-	75,788	391,236	391,236
Norcal Teach Up	65,159	50,000	-	115,159	115,159
SB85 CalFresh	29,634	-	29,634	-	-
SB85 Retention & Enrollment Outreach	79,920	-	22,108	57,812	57,812
SB85 Early Action Emergency Fin Aid	653,228	-	-	653,228	653,228
Covid Block Grant	4,402,776	-	4,133,857	268,919	268,919
Student Engagement	132	-	-	132	132
Credit for Prior Learning	4,000	-	4,000	-	-
Community College Civic Impact	2,297	-	1,847	450	450
Dreamer Resource Support	155,712	-	93,803	61,909	61,909
SB85 Retention & Enrollment Outreach	588,508	-	512,925	75,583	75,583
Basic Needs Centers	361,084	-	178,529	182,555	182,555
Mental Health Support	265,544	-	244,044	21,500	21,500
EEO Best Practices	208,333	-	208,333	-	-
Culturally Competent Faculty PD	100,870	-	100,870	-	-
Student Food & Housing Support	395,306	-	280,931	114,375	114,375
COVID 19 Relief Child Development Centers	19,000	-	19,000	-	-
Library Services Platform	8,021	-	8,021	-	-
LGBTQ+	82,829	-	81,275	1,554	1,554
Tech & Data Security	100,000	-	87,960	12,040	12,040
K5 Subrecipient Grant	-	3,339	-	3,339	3,339
SWF Local	1,383,126	-	1,373,287	9,839	9,839
SWF Regional	1,130,806	-	1,130,043	763	763
CA EITC Grant	8,800	-	4,800	4,000	4,000
WCC Mesa	264,185	-	180,220	83,965	83,965
LAEP Learning Aligned Prog (FA)	2,460,565	-	2,460,565	-	-
SB85 Retention & Enroll Outreach	1,157,927	-	1,157,927	-	-
Early Action Emergency Fin Aid	1,145,604	-	711,895	433,709	433,709
Tech & Data Security	560,000	-	560,000	-	-
Guided Pathways	461,574	-	461,574	-	-
Basic Needs Centers	438,846	-	438,846	-	-
Student Food & Housing Support	391,023	-	391,023	-	-
Zero Textbook (one-time)	360,000	-	360,000	-	-
Mental Health Support	287,184	-	287,184	-	-
WCC MESA	206,100	-	206,100	-	-
Nextup	167,792	-	167,792	-	-
YC MESA	206,100	-	206,100	-	-
AANAPISI	150,697	-	150,697	-	-
Dream Resource Support	139,542	-	139,542	-	-
Emergency Fin Assit Supplement	131,358	-	131,358	-	-
Zero Textbook Cost	40,000	-	40,000	-	-
Subtotal	27,470,958	547,717	19,679,219	8,339,456	8,339,456
Total State District Funding	\$ 48,599,304	\$ 667,590	\$ 29,414,139	\$ 19,852,755	\$ 19,852,755

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT -
ANNUAL/ACTUAL ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	1.15	-	1.15
2. Credit	41.96	-	41.96
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	691.76	-	691.76
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,422.25	-	1,422.25
(b) Daily Census Contact Hours	227.87	-	227.87
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	93.12	-	93.12
(b) Credit	478.30	-	478.30
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,681.10	-	2,681.10
(b) Daily Census Contact Hours	439.79	-	439.79
(c) Noncredit Independent Study/Distance Education Courses	3.84	-	3.84
D. Total FTES	6,081.14	-	6,081.14
Supplemental Information (subset of above information)			
E. In-service Training Courses	106.48	-	106.48
F. Basic Skills Courses and Immigrant Education			
1. Credit	15.17	-	15.17
2. Noncredit	86.15	-	86.15
Total Basic Skills FTES	101.32	-	101.32
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	21.17	-	21.17
Centers FTES			
1. Credit	1,807.63	-	1,807.63
2. Noncredit	9.06	-	9.06
Total Centers FTES	1,816.69	-	1,816.69

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	8,857,038	-	8,857,038	8,857,038	-	8,857,038
Other	1300	7,500,710	-	7,500,710	7,500,710	-	7,500,710
Total Instructional Salaries		16,357,748	-	16,357,748	16,357,748	-	16,357,748
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,698,287	-	3,698,287
Other	1400	-	-	-	140,395	-	140,395
Total Non-Instructional Salaries		-	-	-	3,838,682	-	3,838,682
Total Academic Salaries		16,357,748	-	16,357,748	20,196,430	-	20,196,430
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	5,555,755	-	5,555,755
Other	2300	-	-	-	588,179	-	588,179
Total Non-Instructional Salaries		-	-	-	6,143,934	-	6,143,934
Instructional Aides							
Regular Status	2200	245,656	-	245,656	245,656	-	245,656
Other	2400	186,058	-	186,058	186,058	-	186,058
Total Instructional Aides		431,714	-	431,714	431,714	-	431,714
Total Classified Salaries		431,714	-	431,714	6,575,648	-	6,575,648
Employee Benefits	3000	6,132,228	-	6,132,228	11,866,780	-	11,866,780
Supplies and Materials	4000	-	-	-	410,674	-	410,674
Other Operating Expenses	5000	89,988	-	89,988	7,053,466	-	7,053,466
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		23,011,678	-	23,011,678	46,102,998	-	46,102,998
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	298,360	-	298,360
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,435,796	-	1,435,796
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 1,734,156	\$ -	\$ 1,734,156
Total for ECS 84362, 50% Law		\$ 23,011,678	\$ -	\$ 23,011,678	\$ 44,368,842	\$ -	\$ 44,368,842
Percent of CEE (Instructional Salary Cost/Total CEE)		51.86%	0.00%	51.86%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 22,184,421	\$ -	\$ 22,184,421

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EPA Revenue	\$ 8,954,063
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 8,954,063	\$ -	\$ -	\$ 8,954,063
Total		\$ 8,954,063	\$ -	\$ -	\$ 8,954,063

See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

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

General Fund		\$	26,556,450
Debt Service Fund			31,940,724
Capital Project Funds			34,002,630
Internal Service Funds			5,024,247
Student Activity Funds			22,131
Total fund balances as reported in the CCFS-311			<u>97,546,182</u>

Assets recorded within the statements of net position not included in the

District fund financial statements:

Nondepreciable capital assets	45,084,413		
Depreciable capital assets	247,065,189		
Intangible right-of-use assets	4,932,694		
Lease receivable	704,090		
Accumulated depreciation	(94,224,958)		
Accumulated amortization	<u>(2,508,918)</u>		201,052,510

Unmatured Interest			(2,733,454)
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FMV of Cash in County Treasury			(7,718,900)
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Deferred outflows recorded within the statement of net position
not included in the District fund financial statements:

Deferred loss on refunding	9,401,349		
Deferred outflows from OPEB	10,305,194		
Deferred outflows from pensions	<u>13,844,725</u>		33,551,268

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

Net pension liability	(48,842,434)		
Net OPEB liability	(39,518,506)		
General obligation bonds	(191,032,859)		
Other long-term debt	<u>(12,741,666)</u>		(292,135,465)

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

Deferred gain on refunding	(2,664,435)		
Deferred inflows from leases	(691,445)		
Deferred inflows from OPEB	(13,163,672)		
Deferred inflows from pensions	<u>(7,861,990)</u>		<u>(24,381,542)</u>

**Net Position Reported Within the
Statements of Net Position**

		\$	<u>5,180,599</u>
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See accompanying note to the supplementary information.

**YUBA COMMUNITY COLLEGE DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

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

Schedule of Revenues and Expenditures of State Awards

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

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

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

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

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

**YUBA COMMUNITY COLLEGE DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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

The Board of Trustees
Yuba Community College District
Yuba City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Yuba 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 14, 2023.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding #2023-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 14, 2023



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

The Board of Trustees
Yuba Community College District
Yuba City, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yuba Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Yuba Community College 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 Yuba Community College 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 Yuba Community College District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yuba Community College 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 Yuba Community College 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 Yuba Community College 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 Yuba Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Yuba Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

CWDL, Certified Public Accountants

San Diego, California
December 14, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Yuba Community College District
Yuba City, California

Report on State Compliance

Opinion on State Compliance

We have audited Yuba Community College District's (the District) compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 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.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 14, 2023

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>21.027</u>	<u>Early Action Emergency Funds</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>Higher Education Emergency Relief Funds (HEERF)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 962,899</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

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

FINDING #2023-001 – INTERNAL CONTROLS OVER EMPLOYEE NEW HIRES AND TERMINATIONS

Criteria

The District Human Resources department should have adequate controls in place to ensure that employees are properly setup and removed from the system in a timely manner, and that only eligible wages are paid, with no financial impact on unrestricted general fund due to error and oversight by the department.

Employees who are hired should go through a series of checks and balances and should be properly set-up in the system to receive proper payroll and payroll related deductions in a timely manner, prior to the start of employment. Pay should agree to the amounts authorized by the position and be accurate when reconciled to particular bargaining unit agreements or other District approved salary ranges.

Additionally, when an employee separates their employment from the District, they should go through a series of controls to ensure that they are properly terminated in a timely manner. All employees should be paid out on their last contracted day in accordance with District procedures and in compliance with California law. The system and the department should have adequate checks and to prevent and detect any ineligible payment after the date of separation.

Condition

During our testing of employee disbursements, we noted instances in which the District was paying the employee contributions in addition to the employer contributions. It was noted that these employees were not properly set-up in their respective pension systems, causing delays in payroll deductions which was paid for on-behalf of the District.

Additionally, we noted an instance where an employee had separated from the District in January of 2023 and was paid through the end of May 2023. Upon further inquiry it was confirmed that this employee did receive ineligible pay past their termination date. At the time of the audit, a demand letter was provided to the former employee for the over payments. No amounts were received as of the date of the audit.

Context

One out of twenty-five warrant selections noted the District overpayment and one out of four employee termination had pay exceeding their last day of employment.

Cause

Inadequate controls over the hiring and termination process to ensure employees are properly set-up and removed from the system within a timely manner.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINDING #2023-001 – INTERNAL CONTROLS OVER EMPLOYEE NEW HIRES AND TERMINATIONS, continued

Effect

Overpayment of funds resulting in impact of approximately \$88 thousand to the District's General Fund.

Recommendation

We recommend that the District update their policy and procedures to ensure adequate internal controls are taken to ensure all employees hired and terminated from the District are done within a timely manner.

District Response

The district appreciates the thorough review conducted by the audit team, and Human Resources leadership would like to address the findings related to the human resources department's shortcomings in onboarding and terminating employees. We take these matters seriously and are committed to implementing robust controls to prevent such errors in the future.

Contextual Background

It is crucial to acknowledge that the errors identified occurred within a system that has not been updated in over 20 years. Furthermore, the almost complete turnover in the HR department over the last 18 months has contributed to a lack of continuity in processes. We recognize the need for immediate action to rectify these issues and prevent any further financial implications. As noted below, we were working to achieve these goals prior to the audit finding.

Immediate Actions

- 1. Software Vendor Engagement:** We have engaged Ellucian, our software vendor, for comprehensive training. This initiative aims to ensure that our team is well-versed in using Colleague as intended, fostering a more efficient and accurate process.
- 2. Third-Party Consultant Collaboration:** In conjunction with Ellucian's training, we are actively collaborating with a third-party consultant to modernize HR and payroll processes. This collaboration will help us streamline our systems and implement contemporary practices.
- 3. Process Documentation:** Recognizing the absence of documented processes, we are initiating efforts to thoroughly document our onboarding and termination procedures. This documentation will serve as a reference point for current and future HR staff, ensuring consistency and accountability.
- 4. HR/Fiscal Service Collaboration:** Last week, we conducted a retreat to develop better communication between the HR team and the Payroll team to better coordinate shared processes.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINDING #2023-001 – INTERNAL CONTROLS OVER EMPLOYEE NEW HIRES AND TERMINATIONS, continued

Ongoing Oversight and Accountability Measures

- 1. Regular Meetings:** HR has established regular meetings on the Friday after Board meetings to ensure timely and accurate terminations and separations. This structure enhances communication and coordination within the department while we develop detailed, written processes.
- 2. Additional Oversight:** The Director of HR will take on a proactive role in monitoring the new employee onboarding process. This includes ensuring immediate enrollment in the appropriate pension plans and overseeing the separation process to prevent any prolonged payments to terminated employees.
- 3. Revised Onboarding Process:** We are in the process of revising our onboarding procedures to include immediate enrollment in the appropriate pension plans. While CalPERS allows a 90-day window, we aim to accomplish this task immediately upon hiring to ensure timeliness.
- 4. Uniform Onboarding Schedule:** To enhance oversight, we are developing a plan to onboard new permanent employees on the same day of the month. This synchronization will facilitate better monitoring and control over our onboarding processes.

Commitment to Improvement

We fully acknowledge our responsibility to rectify these shortcomings and are committed to continuous improvement. We understand the importance of fiscal responsibility and the impact our actions have on the District. As we implement these new controls, we will remain vigilant in ensuring that such errors are not repeated.

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

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

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

**YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section IV – State Award Findings and Questioned Costs

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

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

**YUBA COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section V – Prior Year Audit Finding Summary

There were no findings or questioned costs identified during 2021-22.