Financial Statements
June 30, 2024

MiraCosta Community College District

Schedule of Findings and Questioned Costs

Independent Auditor's Report

To the Board of Trustees
MiraCosta Community College District
Oceanside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of MiraCosta Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of MiraCosta Community College District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and other required supplementary schedules as listed in the table of contents on pages 60 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 23, 2024

1 Barnard Drive, Oceanside, CA 92056
▸ P 760.757.2121 ▸ F 760.795.6609 ▸ miracosta.edu

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of MiraCosta Community College District (the District) for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 beginning with fiscal year 2002-2003, using the Business-Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommended that all community college districts implement the new reporting standards under the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California community college districts, the District has adopted the BTA reporting model for these financial statements.

MiraCosta Community College District is a public community college, part of the 116 community colleges in the state. The District operates two campuses and two centers. The main campus is located in Oceanside, California on a 121-acre site. The second campus, San Elijo Campus, is a 42-acre site in Cardiff, and also houses the North San Diego Small Business Development Center and the SoCal Veteran’s Business Outreach Center (VBOC). The Community Learning Center in Oceanside, a 7.6-acre site, serves our Adult Education and other community services. The Technology Career Institute, a 22,627-square-foot site in Carlsbad is focused on career and job training programs. MiraCosta students may choose from associate degrees, certificate programs or transfer courses toward a bachelor's degree at a four-year University.

MiraCosta also offers a bachelor’s degree in Bio-manufacturing, one of 29 California community colleges to offer a bachelor’s degree; upper degree coursework began in fall 2017.

FINANCIAL HIGHLIGHTS

As required by the GASB Statements No. 34 and No. 35 reporting model, this report consists of three basic financial statements that provide information on the District's governmental activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

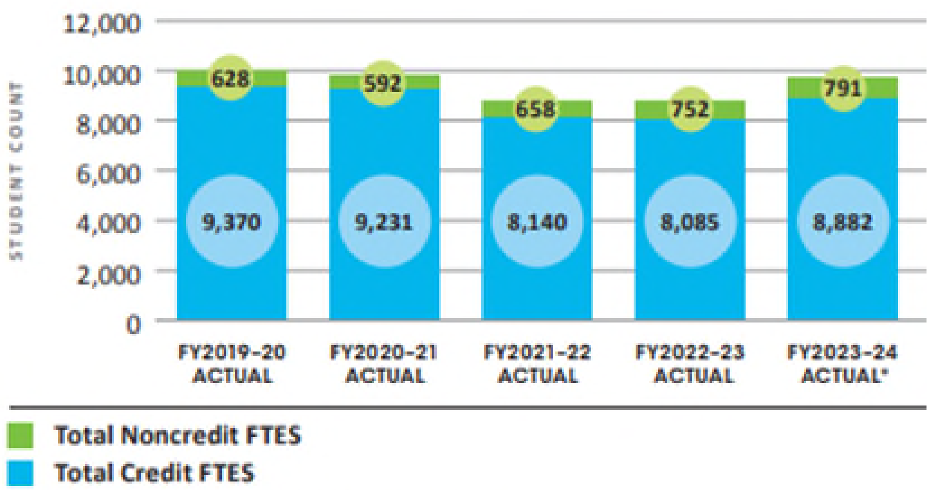
Management's Discussion and Analysis pertain to the Primary Government funds that include all funds except for Fiduciary Funds (Fund 79-OPEB Trust Fund).

Full-Time Equivalent Student

The total full-time equivalent students (FTES) of 9,613 increased by 776 or 8.8% relatively flat from the prior year of 8,837. The District has seen a trend of recovery from the impact of COVID-19, there has been an increase in enrollment over the prior year.

MIRACOSTA COMMUNITY COLLEGE DISTRICT FULL TIME EQUIVALENT STUDENTS (FTES)

	FY2019-20 ACTUAL	FY2020-21 ACTUAL	FY2021-22 ACTUAL	FY2022-23 ACTUAL	FY2023-24 ACTUAL*
Total Credit FTES	9,370	9,231	8,140	8,085	8,882
Total Noncredit FTES	628	592	658	752	791
Total FTES	9,998	9,823	8,798	8,837	9,613
Total FTES Annual Change from Prior Year	(231)	(175)	(1,025)	39	776
Total FTES % Change Year-to-Year	-2.3%	-1.8%	-10.4%	0.44%	8.8%



*Source: MCCD Annual 10 July 2024 Attendance Report

STATEMENT OF NET POSITION

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

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

The change in net position is one indicator of the current financial condition of the District; whether the overall financial condition has improved or worsened during the year.

Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted net position; these net positions are available for expenditure by the District but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

A Statement of Net Position as of June 30, 2024 and 2023, is summarized below:

Net Position

Table 1

	2024	2023	Change
Assets			
Cash and investments	$ 325,524,955	$ 351,819,576	$ (26,294,621)
Receivables	13,199,020	10,132,426	3,066,594
Other current assets	609,755	602,964	6,791
Net OPEB Asset	6,086,488	-	6,086,488
Capital assets, net	419,615,793	349,249,751	70,366,042
Total assets	765,036,011	711,804,717	53,231,294
Deferred Outflows of Resources	49,477,767	49,131,802	345,965
Liabilities			
Accounts payable and accrued liabilities	50,509,873	55,194,775	(4,684,902)
Current portion of long-term liabilities	11,337,588	17,698,520	(6,360,932)
Noncurrent portion of long-term liabilities	575,976,280	547,647,524	28,328,756
Total liabilities	637,823,741	620,540,819	17,282,922
Deferred Inflows of Resources	28,832,065	13,417,664	15,414,401
Net Position			
Net investment in capital assets	142,078,004	124,827,863	17,250,141
Restricted	76,922,937	72,616,934	4,306,003
Unrestricted deficit	(71,142,969)	(70,466,761)	(676,208)
Total net position	$ 147,857,972	$ 126,978,036	$ 20,879,936

- Cash and investments from the beginning of the fiscal year of $351.8 million decreased by $26.3 million to end at $325.5 million at fiscal year-end. The cash and investment balances are the results of the revenue inflows and expense outflows of cash as noted in the Statement of Cash Flows on page 18. Incoming cash from Noncapital Financing Activities was $169.0 million, the largest from Property tax revenue of $141.6 million, followed by federal and state grants and state and other apportionments. Net cash outflows from operating activities were $163.2 million, the largest from payments to employees of $147.6 million. The net cash flow from Capital Financing activities was a net outflow of $48.8 million from the construction of voter approved projects under Measure MM, as well as principal and interest payments on general obligation bonds payable. The inflows were lesser than outflows by $26.3 million.
- The accounts receivable balance of $13.2 million includes receivables for categorical programs and/or grants, lottery proceeds, and 4th quarter interest. Accounts receivable increased $3.1 million from the prior year due to the timing of when categorical revenues are drawn down and/or received by the granting agency. Federal and state categorical aid receivables increased by a combined $0.5 million.
- Accounts payable and accrued liabilities balance of $50.5 million include June payroll expenses, vendor payables including construction payments for goods and services received prior to June 30, but not paid until the following fiscal year; and unearned revenue. The decrease of $4.7 million from the prior year is from the change in volume/activities of goods and services received in June, for payment in July, and a decrease of $2.3 million of unearned revenue related to state categorical grants.
- The current portion of long-term liabilities of $12.1 million, reflects the amounts due within one year for the general obligation bond series A, B, and C for $9.9 million, the certificates of participation of 0.8 million, the subscription liability payable of $1.0 million, and the liability of compensated absences/load banking of $0.4 million (see Note 7, page 36).
- The non-current portion of long-term liabilities of $575.2 million, represents $387.6 million of bond series A, B, and C liability, $48.2 million of certificates of participation, $1.2 million of subscription-based IT arrangements, $4.4 million of compensated absences/load banking liability, $0.3 million of net OPEB liability, and $133.4 million of net pension obligation. The increase of $27.5 million from the prior year balance is primarily from the issuance of certificates of participation in the amount of $49.4 million.
- The total Net position of $147.9 million includes capital assets, net of related debt, debt service and capital projects funds, restricted assets for educational programs, and unrestricted assets. The net change from the prior year was an increase of $20.9 million.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

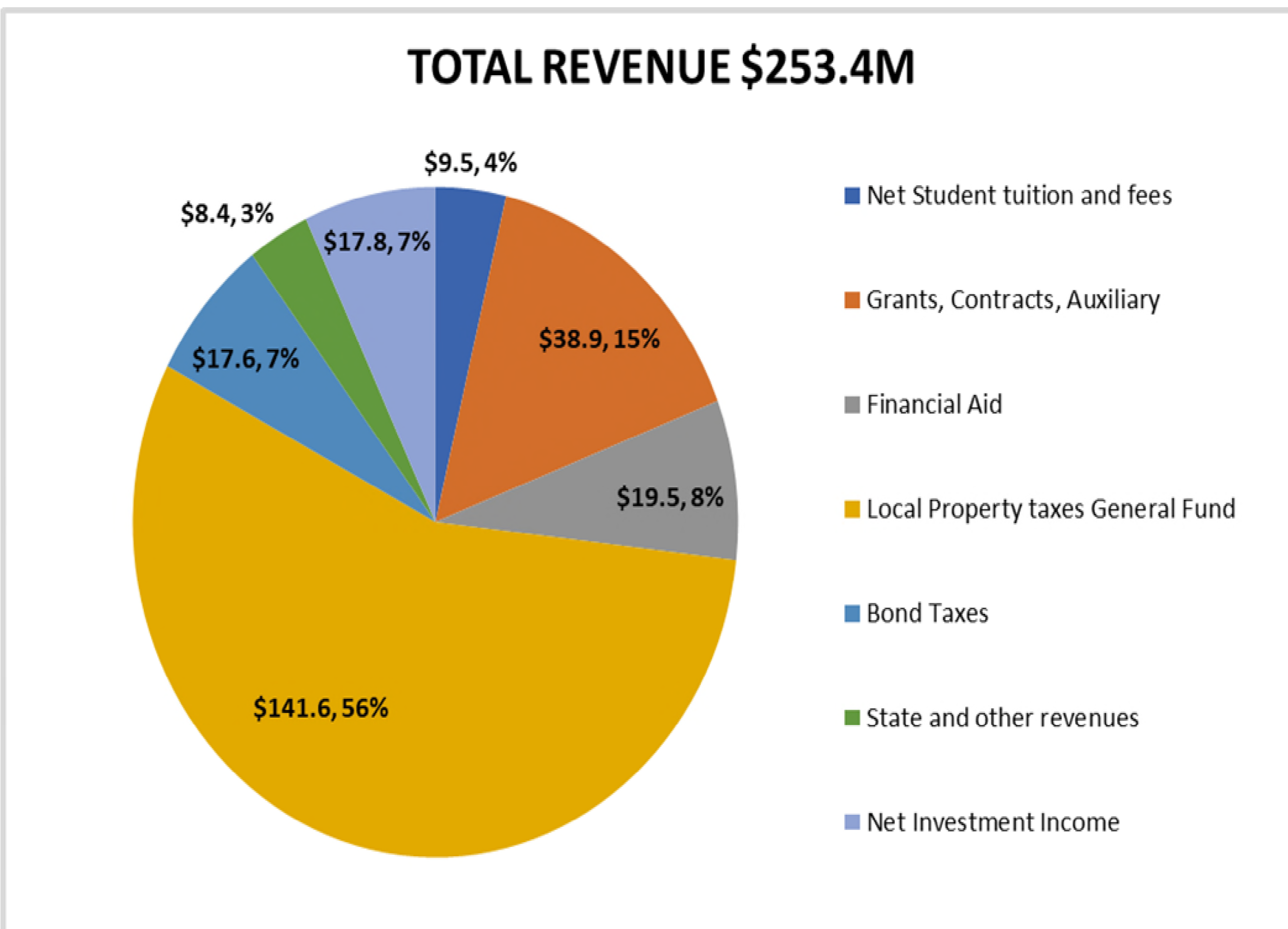
The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024 and 2023, is summarized below.

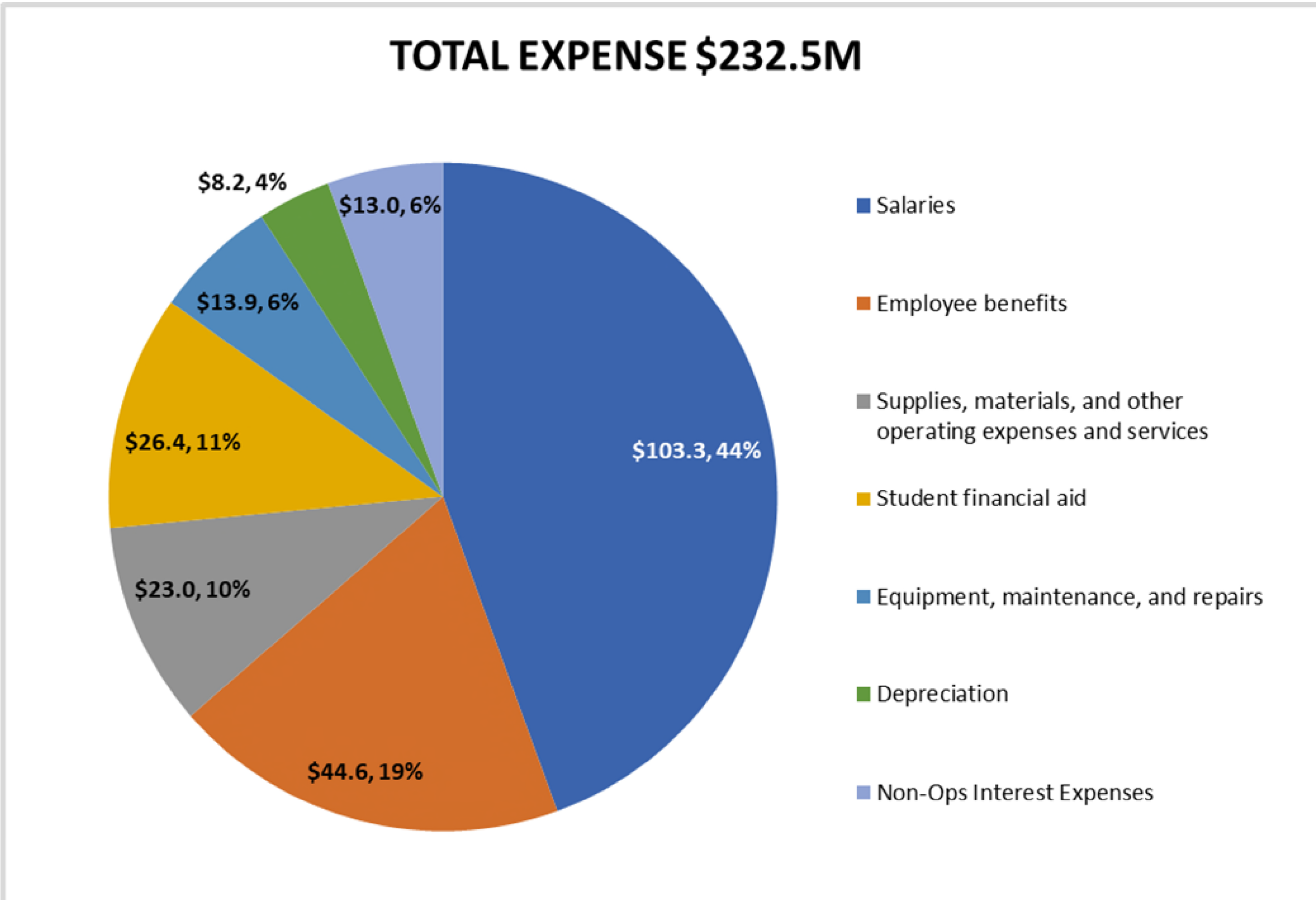
Table 2

	2024	2023	Change
Operating Revenues			
Tuition and fees, net	$ 9,520,218	$ 6,858,725	$ 2,661,493
Grants and contracts, noncapital	38,824,024	40,592,271	(1,768,247)
Auxiliary sales and charges	101,414	87,613	13,801
Total operating revenues	48,445,656	47,538,609	907,047
Operating Expenses			
Salaries and benefits	147,922,044	135,063,796	12,858,248
Supplies, services, equipment, maintenance, and other operating	36,907,615	28,417,223	8,490,392
Student financial aid	26,420,585	26,908,340	(487,755)
Depreciation and amortization	8,236,793	7,672,291	564,502
Total operating expenses	219,487,037	198,061,650	21,425,387
Operating loss	(171,041,381)	(150,523,041)	(20,518,340)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	1,836,644	1,790,546	46,098
Property taxes	159,203,503	153,590,197	5,613,306
Student financial aid grants	19,529,745	20,388,324	(858,579)
State revenues	4,486,594	4,512,859	(26,265)
Net interest revenue (expense)	4,814,739	(3,092,526)	7,907,265
Other nonoperating revenues	2,071,648	1,539,608	532,040
Total nonoperating revenues (expenses)	191,942,873	178,729,008	13,213,865
Other Losses			
Loss on disposal of capital assets	(21,556)	(21,160)	(396)
Change in net position	$ 20,879,936	$ 28,184,807	$ (7,304,871)

- Net tuition and fees were $9.5 million vs prior year of $6.9 million, an increase of $2.6 million. Net enrollment revenue is from district credit courses $7.0 million and $2.5 million from Community Education/Workforce Development (self-funded). Net tuition and fees are the gross amount less waivers/scholarships/special grant funded waivers.
- Grants and contracts revenues totaled $38.8 million, a decrease of $1.8 million, from a reduction in State program allocations.
- Local property taxes of $159.2 million include $17.6 million of taxes levied for the general obligation bond. Local property taxes for general purposes were $141.6 million, an increase of $7.4 million (5.5%), from higher assessed property values.
- State apportionments and other state revenues of $1.8 million and $4.5 million, respectively, include Education Protection Act (EPA), other general apportionment, STRS pass through revenue, and other revenues.

TOTAL REVENUES $253.4 Million less Total Expenses $232.5 Million = $20.9 Million Change in Net Position





Expenses are reported by their operating categories as follows:

Table 3

	2024	2023	Change
Operating Expenses			
Salaries	$ 103,332,987	$ 96,092,409	$ 7,240,578
Employee benefits	44,589,057	38,971,387	5,617,670
Supplies, materials, and other operating expenses and services	23,016,000	20,632,379	2,383,621
Student financial aid	26,420,585	26,908,340	(487,755)
Equipment, maintenance, and repairs	13,891,615	7,784,844	6,106,771
Depreciation and amortization	8,236,793	7,672,291	564,502
Total operating expenses	$ 219,487,037	$ 198,061,650	$ 21,425,387

Salaries of $103.3 million increased by $7.2 million (7.5%). The increases are from the annual step and column, COLAs, and hiring of new faculty and staff. Employee Benefits were $44.6 million compared to prior year of $39.0 million, an increase of $5.6 million (14.4%) from higher health benefit expenses, higher CalPERS rates and additional cost from the hiring of new faculty and staff, as well as salary increases.

Supplies, materials, and other operating expenses and services of $23.0 million increased by $2.4 million. Supplies increased by $0.4 million. Other operating expenses increased by $2.0 million from additions/changes in services contracts from Fund 11, $0.6 million; Fund 12, $0.9 million; from Capital Funds/Other funds, $0.5 million.

Equipment, maintenance, and repairs of $13.9 million increased by $6.1 million, due from the post close entry to convert assets in the expense accounts to capital assets, a regular part of year-end closing. Excluding the conversion entry, expenses were lower by $19.9 million primarily from the bond projects.

Student financial aid of $26.4 million was decreased from the prior year by $0.5 million primarily from decreases in financial aid funding related to the COVID-19 pandemic grants , offset with increases from other Financial Aid programs, such as the State's Student Success Completion grant.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification for all governmental funds, including student financial aid, are as follows:

Table 4

	Instructional Salaries and Benefits	Noninstructional Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 55,555,854	$ 7,294,058	$ 1,198,958	$ -	$ 173,822	$ -	$ 64,222,692
Instructional administration and government	-	8,388,285	459,318	-	13,766	-	8,861,369
Instructional support services	2,847,877	5,054,231	228,570	-	160,026	-	8,290,704
Admissions and records	-	2,651,565	63,341	-	235	-	2,715,141
Student counseling and guidance	-	9,230,295	304,811	-	3,355	-	9,538,461
Other student services	-	16,500,816	2,247,258	-	26,611	-	18,774,685
Operation and maintenance of plant	-	4,818,858	4,435,802	-	226,153	-	9,480,813
Planning, policymaking, and coordination	-	4,441,707	651,119	-	35,507	-	5,128,333
General institutional support services	-	18,317,240	7,551,816	-	320,866	-	26,189,922
Community services and economic development	2,980	5,461,213	2,756,224	-	54,320	-	8,274,737
Ancillary services	-	4,420,837	1,687,476	-	4,327	-	6,112,640
Auxiliary operations	-	920,405	190,062	-	1,036	-	1,111,503
Physical property and related acquisitions	-	2,015,823	1,241,245	-	12,871,591	-	16,128,659
Student aid	-	-	-	26,420,585	-	-	26,420,585
Unallocated depreciation and amortization	-	-	-	-	-	8,236,793	8,236,793
Total	$ 58,406,711	$ 89,515,333	$ 23,016,000	$ 26,420,585	$ 13,891,615	$ 8,236,793	$ 219,487,037

STATEMENT OF CASH FLOWS

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

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

The Statement of Cash Flows for the year ended June 30, 2024 and 2023, is summarized below:

Table 5

	2024	2023	Change
Net Cash Flows from			
Operating activities	$ (163,198,474)	$ (140,503,779)	$ (22,694,695)
Noncapital financing activities	168,987,545	162,648,686	6,338,859
Capital financing activities	(48,818,659)	12,158,460	(60,977,119)
Investing activities	16,734,967	4,490,133	12,244,834
Net Increase (Decrease) in Cash and Cash Equivalents	(26,294,621)	38,793,500	(65,088,121)
Cash and Cash Equivalents, Beginning of Year	351,819,576	313,026,076	38,793,500
Cash and Cash Equivalents, End of Year	$ 325,524,955	$ 351,819,576	$ (26,294,621)

A detailed Statement of Cash Flows for the year ended June 30, 2024, is included in the Basic Financial Statements on pages 18 and 19 of this report.

- Net Cash used from operating activities of $163.2 million includes cash inflows from tuition and fees, and Federal and State grants and contracts. Cash outflows (uses of cash) include operating expenses of $207.5 million for payments to Students for Financial Aid ($26.4 million); payments to suppliers ($33.5 million); and payments to or on behalf of employees ($147.6 million, salaries/benefits/taxes). Net change in cash from operating activities increased usage by $22.7 million primarily from the net of higher inflows from grants and higher outflows to students for scholarships and grants.
- Noncapital financing activities of $169.0 million increased by $6.3 million (or 3.8%); property tax revenue accounts for $141.6 million (83.8%) while grants, contracts, and State apportionment/other non-operating cash account for 16.2%.
- Capital financing activities was a net outflow of $48.8 million. Inflows were primarily from $50.5 million from the issuance of certificates of participation and $17.6 million property taxes levied for the general obligation bond. Outflows were from purchase of capital assets for the facilities projects ($83.2 million) and debt payments of the general obligation bond ($34.5 million).

- Investing activities is from the interest earned on investments were $11.1 million and change in fair value of cash in county treasury of $5.6 million. The District's investing activities are from the San Diego County Treasury's Investment pool that earned 3.75% in FY2023-24.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree health benefits. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

- As of June 30, 2024, the District had $419.6 million invested in capital assets, net of accumulated depreciation and amortization. Total capital assets consist of land, artwork, infrastructure, buildings and building improvements, construction in progress, vehicles, data processing equipment, other office equipment and right-to-use subscription IT assets. Net capital assets increased by $70.4 million during fiscal year 2024.
- Capital additions and deductions of construction in progress comprise costs associated with new building and replacement/renovation of existing facilities.

Table 6

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
Land, artwork, and construction in progress	$ 180,474,994	$ 74,031,200	$ (12,898,554)	$ 241,607,640
Infrastructure, buildings and improvements	251,234,433	13,625,004	-	264,859,437
Furniture and equipment	27,796,203	1,618,954	(625,180)	28,789,977
Right-to-use leased buildings and improvements	864,542	-	(864,542)	-
Right-to-use subscription IT assets	1,476,093	2,247,787	(407,859)	3,316,021
Subtotal capital assets	461,846,265	91,522,945	(14,796,135)	538,573,075
Accumulated depreciation and amortization	(112,596,514)	(8,236,793)	1,876,025	(118,957,282)
Total capital assets, net	$ 349,249,751	$ 83,286,152	$ (12,920,110)	$ 419,615,793

Long-term liabilities

- At June 30, 2024, the District had $397.5 million in bonds payable from the sale of the general obligation bond series A, B and C. The bond obligations are paid from the collection of local property taxes annually, with a final maturity date of August 1, 2042, August 1, 2045 and August 1, 2042 for series A, B, and C respectively, and is managed by the County treasury office.
- The District issued certificates of participation and had a payable balance of 49.0 million at year-end. The certificates have a maturity date of July 1, 2053.
- Compensated absences and load banking increased $143 thousand from the prior year.
- Subscription liability increased by $1.3 million from the prior year.
- Aggregate net OPEB (asset) liability was ($5.8) million, a decrease in the liability of $15.6 million. The District's net OPEB (asset) liability is based on actuarially determined amounts. The District's OPEB liability is fully covered based on the most recent actuarial valuation.
- Aggregate net pension liability (CalSTRS and CalPERS) was $133.4 million, an decrease of $0.2 million. The District's long-term proportionate share of contributions to the pension plans are relative to the projected contributions from all participating college districts and the State actuarial determined rates.

Note 7, Note 8 and Note 10 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities other than OPEB and pensions is presented below:

Table 7

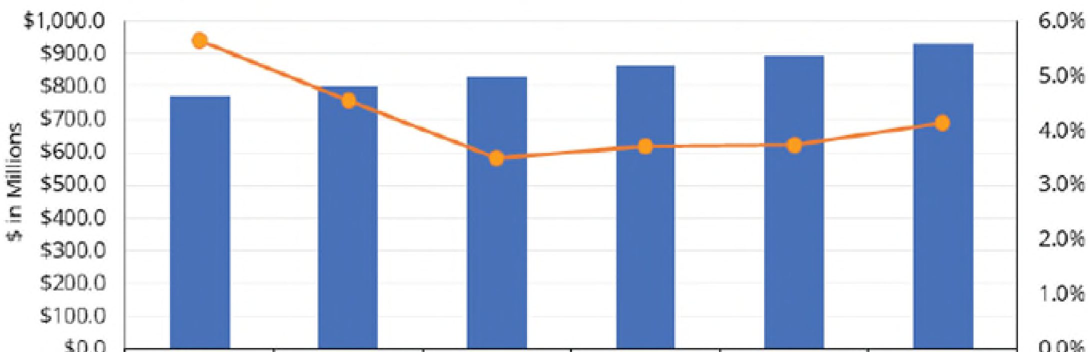
	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
General obligation bonds	$ 416,336,748	$ -	$ (18,818,880)	$ 397,517,868
COPs	-	50,461,485	(1,439,550)	49,021,935
Other liabilities	5,597,648	2,390,557	(953,648)	7,034,557
Total long-term liabilities	$ 421,934,396	$ 52,852,042	$ (21,212,078)	$ 453,574,360
Amount due within one year				$ 11,337,588

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The District's economic condition is directly affected by the economic wellbeing of the state of California and the local region's economic outlook. The City of San Diego's economic outlook from fiscal year 2025-2029 from the November 2023 report, projected a 5.6% growth for FY2023-24 and a 4.6% growth for FY2024-25. MCCD received an updated District property assessment growth of 5.31% in July 2024 for FY2024-25, which was used for the FY2024-25 budget. The local property tax growth has a direct impact to the District's annual revenues, since MCCD is one of the few community colleges that are funded by local property tax revenues and not through the state apportionment funding formula for general funds. The following economic outlook on chart Figure 2.4 projects property tax revenue growth to trend lower in the next 3 years with a 4.1% growth in FY2028-29. MiraCosta does a 5-Year Financial Plan and considers these property tax revenue growth impacts for their future planning.

Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2025 - 2029

Projections including Redevelopment Property Tax Trust Fund (RPTTF)



	FY 2024 Projection	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Projection	$ 771.9	$ 801.3	$ 830.7	$ 862.8	$ 895.8	$ 932.9
Growth Rate	5.6%	4.6%	3.5%	3.7%	3.7%	4.1%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent/Vice President of Administrative Services, Tim Flood, at MiraCosta Community College District, One Barnard Drive, Oceanside, California 92056-3899.

Assets	
Cash and cash equivalents	$ 52,979,579
Investments	272,545,376
Accounts receivable	9,606,643
Student receivables	3,592,377
Prepaid expenses	609,755
Net other postemployment benefits (OPEB) asset - District Plan	6,086,488
Capital assets not being depreciated or amortized	241,607,640
Capital assets, net of accumulated depreciation and amortization	178,008,153
Total assets	765,036,011
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	8,203,310
Deferred outflows of resources related to pensions	41,274,457
Total deferred outflows of resources	49,477,767
Liabilities	
Accounts payable	22,984,716
Accrued interest payable	5,538,764
Unearned revenue	21,986,393
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	11,337,588
Long-term liabilities other than OPEB and pensions, due in more than one year	442,236,772
Net OPEB liability - Medicare Premium Payment Program	320,836
Aggregate net pension liability	133,418,672
Total liabilities	637,823,741
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	16,270,991
Deferred inflows of resources related to pensions	12,561,074
Total deferred inflows of resources	28,832,065
Net Position	
Net investment in capital assets	142,078,004
Restricted for	
Debt service	16,965,938
Capital projects	55,679,338
Educational programs	2,358,746
Other activities	1,918,915
Unrestricted deficit	(71,142,969)
Total net position	$ 147,857,972

Operating Revenues	
Tuition and fees	$ 15,499,193
Less: Scholarship discounts and allowances	(5,978,975)
Net tuition and fees	9,520,218
Grants and contracts, noncapital	
Federal	5,588,808
State	33,044,907
Local	190,309
Total grants and contracts, noncapital	38,824,024
Auxiliary enterprise sales and charges	
Bookstore	65,419
Cafeteria	35,995
Total auxiliary enterprise sales and charges	101,414
Total operating revenues	48,445,656
Operating Expenses	
Salaries	103,332,987
Employee benefits	44,589,057
Supplies, materials, and other operating expenses and services	23,016,000
Student financial aid	26,420,585
Equipment, maintenance, and repairs	13,891,615
Depreciation and amortization	8,236,793
Total operating expenses	219,487,037
Operating Loss	(171,041,381)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	1,836,644
Local property taxes, levied for general purposes	141,567,012
Taxes levied for other specific purposes	17,636,491
Federal and state financial aid grants	19,529,745
State taxes and other revenues	4,486,594
Investment income, net	16,529,613
Interest expense on net capital related debt	(13,018,654)
Investment income on capital asset-related debt, net	1,303,780
Other nonoperating revenues	2,071,648
Total nonoperating revenues (expenses)	191,942,873
Income Before Other Losses	20,901,492
Other Losses	
Loss on disposal of capital assets	(21,556)
Change In Net Position	20,879,936
Net Position, Beginning of Year	126,978,036
Net Position, End of Year	$ 147,857,972

Operating Activities	
Tuition and fees	$ 5,114,769
Federal, state, and local grants and contracts, noncapital	39,101,695
Auxiliary sales and other operating	101,414
Payments to or on behalf of employees	(147,597,357)
Payments to vendors for supplies and services	(33,498,410)
Payments to students for scholarships and grants	(26,420,585)
Net cash flows from operating activities	(163,198,474)
Noncapital Financing Activities	
State apportionments	1,836,644
Federal and state financial aid grants	19,529,745
Property taxes - nondebt related	141,567,012
State taxes and other apportionments	4,460,224
Other nonoperating	1,593,920
Net cash flows from noncapital financing activities	168,987,545
Capital Financing Activities	
Purchase of capital assets	(83,186,961)
Proceeds from sale of capital debt	50,461,485
Property taxes - related to capital debt	17,636,491
Principal paid on capital debt	(19,243,648)
Interest paid on capital debt	(15,262,521)
Interest received on capital asset-related debt	776,495
Net cash flows from capital financing activities	(48,818,659)
Investing Activities	
Change in fair value of cash in county treasury	5,599,702
Interest received from investments	11,135,265
Net cash flows from investing activities	16,734,967
Change In Cash and Cash Equivalents	(26,294,621)
Cash and Cash Equivalents, Beginning of Year	351,819,576
Cash and Cash Equivalents, End of Year	$ 325,524,955

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (171,041,381)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	8,236,793
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(180,656)
Student receivables	(2,059,909)
Prepaid expenses	(6,791)
Net OPEB asset	(6,086,488)
Deferred outflows of resources related to OPEB	907,727
Deferred outflows of resources related to pensions	(1,253,692)
Accounts payable	4,288,105
Unearned revenue	(1,887,213)
Compensated absences	87,296
Load banking	55,474
Aggregate net OPEB liability	(9,441,214)
Aggregate net pension liability	(230,926)
Deferred inflows of resources related to OPEB	14,884,636
Deferred inflows of resources related to pensions	529,765
Total adjustments	7,842,907
Net cash flows from operating activities	$ (163,198,474)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 2,404,026
Cash with fiscal agent	50,575,553
Cash in county treasury	272,545,376
Total cash and cash equivalents	$ 325,524,955
Noncash Transactions	
Amortization of debt premiums	$ 1,968,430
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	$ 2,247,787

	Retiree OPEB Trust
Assets	
Investments	$ 35,446,785
Net Position	
Restricted for postemployment benefits other than pensions	$ 35,446,785

	Retiree OPEB Trust
Additions	
District contributions	$ 1,884,138
Interest and investment income, net of fees	1,022,459
Net realized and unrealized gains	2,651,527
Total additions	5,558,124
Deductions	
Benefit payments	1,884,138
Administrative expenses	41,038
Total deductions	1,925,176
Change in Net Position	3,632,948
Net Position - Beginning of Year	31,813,837
Net Position - End of Year	$ 35,446,785

Note 1 - Organization

The MiraCosta Community College District (the District) was established in 1934 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds and capital project funds, but these budgets are managed at the department level. Currently, the District operates two campuses and two centers. The main campus, MiraCosta College, is located on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff, a 7.6-acre Community Learning Center in Oceanside, and a 22,627-square-foot Technology Career Institute and North San Diego Small Business Development Center in Carlsbad. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

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

The District considered its financial and operational relationships with potential component units under generally accepted accounting policies. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the requirements of GASB, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support to the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.

2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

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

MiraCosta College Foundation

The MiraCosta College Foundation (the Foundation) is a separate not-for-profit corporation. The Board of Directors is elected independent of any District Board of Trustee's appointments. The Foundation is responsible for approving its own budget and accounting and finance related activities.

The Foundation is not included as a Component Unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at One Barnard Drive, Oceanside, CA 92056.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District sends outstanding receivables to the Chancellor's Office Tax Offset Program (COTOP) for collection and writes off the uncollected amounts annually, therefore the District does not record an allowance for uncollectible accounts.

Prepaid Expenses

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

Capital Assets, Depreciation, and Amortization

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

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 4 to 10 years; vehicles, 5 to 10 years.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. The District reports deferred outflows of resources related to OPEB and pension related items. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Leases

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

Subscription-based IT Arrangements

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds payable, certificates of participation, subscription-based IT arrangements, compensated absences, load banking, net OPEB liability and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $76,922,937 of restricted net position, and the fiduciary fund financial statements report $35,446,785 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income and other revenue sources defined by GASB.

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed General Obligation Bonds in November 2016 for the acquisition, construction, and modernization of facilities. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of San Diego and remitted to the District.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 100

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 3 - Deposits and Investments

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 2,329,026	$ -
Cash in revolving	75,000	-
Cash with fiscal agent	50,575,553	-
Investments	272,545,376	35,446,785
Total deposits and investments	$ 325,524,955	$ 35,446,785

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Mutual funds	$ 35,446,785	No maturity	Not rated
San Diego County Investment Pool	272,545,376	449	AA+
Total	$ 307,992,161		

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Mutual Funds are not required to be rated, nor have they been rated as of June 30, 2024. The San Diego County Investment pool was rated AA+ by Fitch Ratings, Inc.

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District’s bank balance totaled approximately $53.0 million of which approximately $52.5 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2024, the District's investment balance of approximately $34.9 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2024:

		Fair Value Measurements Using
Investment Type	Fair Value	Level 3 Inputs
Mutual funds	$ 35,446,785	$ 35,446,785

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

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2024 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 1,949,068
State Government	
Categorical aid	2,276,770
Lottery	680,806
Local Sources	
Interest	3,343,507
Other local sources	1,356,492
Total	$ 9,606,643
Student receivables	$ 3,592,377

Note 6 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023,	Additions	Deductions	Balance, June 30, 2024
Capital Assets Not Being Depreciated or Amortized				
Land	$ 5,366,281	$ -	$ -	$ 5,366,281
Artwork	82,060	358,299	-	440,359
Construction in progress	175,026,653	73,672,901	(12,898,554)	235,801,000
Total capital assets not being depreciated or amortized	180,474,994	74,031,200	(12,898,554)	241,607,640
Capital Assets Being Depreciated and Amortized				
Infrastructure	8,234,295	-	-	8,234,295
Buildings and improvements	243,000,138	13,625,004	-	256,625,142
Furniture and equipment	27,796,203	1,618,954	(625,180)	28,789,977
Right-to-use leased buildings and improvements	864,542	-	(864,542)	-
Right-to-use subscription IT assets	1,476,093	2,247,787	(407,859)	3,316,021
Total capital assets being depreciated or amortized	281,371,271	17,491,745	(1,897,581)	296,965,435
Less Accumulated Depreciation and Amortization				
Infrastructure	(6,229,348)	-	-	(6,229,348)
Buildings and improvements	(83,870,641)	(4,769,171)	-	(88,639,812)
Furniture and equipment	(21,114,952)	(2,513,974)	603,624	(23,025,302)
Right-to-use leased buildings and improvements	(864,542)	-	864,542	-
Right-to-use subscription IT assets	(517,031)	(953,648)	407,859	(1,062,820)
Total accumulated depreciation and amortization	(112,596,514)	(8,236,793)	1,876,025	(118,957,282)
Total capital, net	$ 349,249,751	$ 83,286,152	$ (12,920,110)	$ 419,615,793

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

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2024 consisted of the following:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Due in One Year
General obligation bonds	$ 376,155,000	$ -	$ (16,885,000)	$ 359,270,000	$ 9,925,000
Bond premium	40,181,748	-	(1,933,880)	38,247,868	-
Certificates of participation	-	49,425,000	(1,405,000)	48,020,000	-
Certificates of participation premium	-	1,036,485	(34,550)	1,001,935	-
Subscription-based IT arrangements	959,062	2,247,787	(953,648)	2,253,201	1,038,511
Compensated absences	2,683,731	87,296	-	2,771,027	294,043
Load banking	1,954,855	55,474	-	2,010,329	80,034
Total	$ 421,934,396	$ 52,852,042	$ (21,212,078)	$ 453,574,360	$ 11,337,588

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on the certificates of participation are made by the other debt service fund with transfers from the general fund. The subscription-based IT arrangements are paid for by the General Fund. The compensated absences and load banking liability will be paid by the fund for which the employee worked.

General Obligation Bonds

In September 2017, the District issued the Election of 2016 General Obligation Bonds, Series A in the amount of $100,000,000. The bonds have a final maturity which occurs on August 1, 2042, with interest rates from 3.00% to 5.00%. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and equipping of District sites and facilities, prepay the 2015 Lease/Purchase Agreement and pay the cost of issuing the bonds. At June 30, 2024, the principal balance outstanding was $56,045,000 and unamortized premium on issuance of $6,028,579, respectively.

In September 2020, the District issued the Election of 2016 General Obligation Bonds, Series B in the amount of $255,000,000. The bonds have a final maturity which occurs on August 1, 2045, with interest rates from 0.15% to 4.00%. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and equipping of District sites and facilities and pay the cost of issuing the bonds. At June 30, 2024, the principal balance outstanding was $204,330,000 and unamortized premium on issuance of $23,678,937, respectively.

In November 2022, the District issued the Election of 2016 General Obligation Bonds, Series C in the amount of $100,000,000. The bonds have a final maturity which occurs on August 1, 2042, with interest rates from 4.13% to 5.00%. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and equipping of District sites and facilities and pay the cost of issuing the bonds. At June 30, 2024, the principal balance outstanding was $98,895,000 and unamortized premium on issuance of $8,540,352, respectively.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
9/12/2017	8/1/2042	3.00% - 5.00%	$ 100,000,000	$ 56,680,000	$ -	$ (635,000)	$ 56,045,000
9/8/2020	8/1/2045	0.15% - 4.00%	255,000,000	219,475,000	-	(15,145,000)	204,330,000
11/9/2022	8/1/2042	4.13% - 5.00%	100,000,000	100,000,000	-	(1,105,000)	98,895,000
				$376,155,000	$ -	$ (16,885,000)	$ 359,270,000

Debt Service Requirements to Maturity

The general obligation bonds mature through 2046 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2025	$ 9,925,000	$ 13,055,482	$ 22,980,482
2026	7,270,000	12,648,807	19,918,807
2027	7,035,000	12,318,682	19,353,682
2028	7,935,000	11,976,582	19,911,582
2029	8,890,000	11,593,082	20,483,082
2030-2034	60,975,000	50,680,557	111,655,557
2035-2039	93,695,000	35,447,897	129,142,897
2040-2044	121,200,000	17,003,876	138,203,876
2045-2046	42,345,000	1,400,750	43,745,750
Total	$ 359,270,000	$ 166,125,715	$ 525,395,715

Certificates of Participation

In October 2023 the District issued $49,425,000 of Certificates of Participation (2023 School Financing Project) with a final maturity date of July 1, 2053. The certificates carry interest rates ranging from 4.25% to 5.00%, depending on the maturity of the related certificates. Interest is payable semi annually on January 1 and July 1 of each year. At June 30, 2024, the principal balance outstanding was $48,020,000 and unamortized premium on issuance of $1,001,935, respectively.

Debt Service Requirements to Maturity

The certificates of participation mature through 2054 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	$ -	$ 1,120,381	$ 1,120,381
2026	790,000	2,221,012	3,011,012
2027	830,000	2,180,512	3,010,512
2028	870,000	2,138,012	3,008,012
2029	915,000	2,093,387	3,008,387
2030-2034	5,295,000	9,716,435	15,011,435
2035-2039	6,765,000	8,216,185	14,981,185
2040-2044	8,585,000	6,362,643	14,947,643
2045-2049	10,670,000	4,234,951	14,904,951
2050-2054	13,300,000	1,549,126	14,849,126
Total	$ 48,020,000	$ 39,832,644	$ 87,852,644

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset of $2,253,201, net of accumulated amortization and a SBITA liability of $2,253,201 related to these agreements. During the fiscal year, the District recorded $953,648 in amortization expense and $105,733 in interest expense. The District is required to make annual principal and interest payments ranging from $10,897 to $1,125,401 through September 2028. The subscriptions have an interest rate of 5.10% or 5.50%, based on the District's estimated incremental borrowing rate at the time the District entered into the arrangement.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,038,511	$ 86,890	$ 1,125,401
2026	866,174	37,768	903,942
2027	295,580	8,660	304,240
2028	42,084	1,512	43,596
2029	10,852	46	10,898
Total	$ 2,253,201	$ 134,876	$ 2,388,077

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

For the year ended June 30, 2024, the District reported an aggregate net OPEB (Asset) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ (6,086,488)	$ 8,203,310	$ 16,270,991	$ 308,588
Medicare Premium Payment (MPP) Program	320,836	-	-	(43,927)
Total	$ (5,765,652)	$ 8,203,310	$ 16,270,991	$ 264,661

The details of the plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Retiree Health Benefit Program Trust.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	123
Active employees	624
Total	747

MiraCosta Community College District Retiree Health Benefit Program Trust

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

Benefits Provided

The District provides health coverage for the retiree and eligible dependents at the same level as that of current active employees (except for disability coverage) until the retiree reaches age 65. To be eligible to receive retiree health coverage, the employee must be at least age 55 and have 10 years of eligible service at retirement. Retirees can elect health coverage from a menu of options for themselves and their dependents. The District pays for this coverage up to an annual maximum. As of the June 30, 2024, the annual maximum is based on the medical, dental, and vision plan elected by the retiree ($31,880 for the PPO and $21,547 for the HMO). The retiree must pay the cost for any benefits elected that result in total costs above the annual maximum, if any.

After reaching age 65, early retirees who retired from the District on or after June 30, 2004 and eligible active employees who retire on or after age 65 are eligible to receive reimbursement for premiums paid for a Medicare Supplement Policy. The District will reimburse the retiree up to an annual maximum ($2,500 for retiree only/$5,000 for retiree and spouse/domestic partner). The annual maximum is based on the average cost of Medicare Supplement policies according to AARP and may be updated each year. The dollar amount has not changed in past years. This benefit is payable only to the retiree and only through the earlier of age 75 or death.

For eligible academic administrators, once a retiree reaches age 75, the retiree shall be eligible for $5,000 per calendar year for the retiree’s lifetime. This benefit is for the retiree only, and does not include the spouse/domestic partner or any other dependents of the retiree.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District and the District's bargaining units. Voluntary contributions based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2023, the District contributed $1,890,337 in benefits.

Investment

Investment Policy

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

Asset Class	Target Allocation
Balanced Funds	97%
Liquidity Plus Funds	3%

Rate of Return

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 7.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the District

The District's net OPEB asset of $6,086,488 was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB asset of the District at June 30, 2023, were as follows:

Total OPEB liability	$ 25,727,349
Plan fiduciary net position	(31,813,837)
Net OPEB asset	$ (6,086,488)
Plan fiduciary net position as a percentage of the total OPEB liability	123.66%

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.80%
Discount rate	5.50%
Investment rate of return	5.50%
Healthcare cost trend rate	7.00% decreasing to an ultimate rate of 4.50%

The long-term expected rate of return on OPEB plan investment is assumed to be 5.50%. This is as provided by the District based off of the rate of return history from FY 2015 to FY 2022 for the Balanced Fund investment with the Meketa Investment Group. The final equivalent single discount rate used for this year's valuation is 5.50% under the assumption that the District will continue to target funding the plan at the actuarially determined contribution.

Mortality rates were based on General: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Teachers: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

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

Asset Class	Long-Term Expected Real Rate of Return
Balanced Funds	2.75%
Liquidity Plus Funds	2.75%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB (Asset) Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance, June 30, 2022	$ 38,869,372	$ 29,472,085	$ 9,397,287
Service cost	2,391,958	-	2,391,958
Interest	2,218,085	-	2,218,085
Difference between expected and actual experience	1,029,490	-	1,029,490
Contributions - employer	-	1,890,337	(1,890,337)
Net investment income	-	2,382,003	(2,382,003)
Changes of assumptions	(16,891,219)	-	(16,891,219)
Benefit payments	(1,890,337)	(1,890,337)	-
Administrative expense	-	(40,251)	40,251
Net change in total OPEB (asset) liability	(13,142,023)	2,341,752	(15,483,775)
Balance, June 30, 2023	$ 25,727,349	$ 31,813,837	$ (6,086,488)

There were no changes in benefit terms since the previous valuation. The salary increase assumptions has been updated from 3.00% to 2.80% since the previous valuations.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

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

Discount Rate	Net OPEB Asset
1% decrease (4.50%)	$ (4,267,351)
Current discount rate (5.50%)	(6,086,488)
1% increase (6.50%)	(7,798,157)

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

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

Healthcare Cost Trend Rates	Net OPEB Asset
1% decrease (6.00% decreasing to an ultimate rate of 3.50%)	$ (8,772,885)
Current healthcare cost trend rates (7.00% decreasing to an ultimate rate of 4.50%)	(6,086,488)
1% increase (8.00% decreasing to an ultimate rate of 5.50%)	(2,921,468)

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,884,138	$ -
Differences between expected and actual experience	3,068,337	1,068,894
Changes of assumptions	1,656,971	15,202,097
Net difference between projected and actual earnings on OPEB plan investments	1,593,864	-
Total	$ 8,203,310	$ 16,270,991

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 373,946
2026	285,588
2027	1,078,489
2028	(144,159)
Total	$ 1,593,864

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (1,173,614)
2026	(1,173,614)
2027	(1,173,621)
2028	(937,431)
2029	(902,415)
Thereafter	(6,184,988)
Total	$ (11,545,683)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of $320,836 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1057%, and 0.1107%, resulting in a net decrease in the proportionate share of 0.0050%.

For the year ended June 30, 2024, the District recognized OPEB expense of ($43,927).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	$ 348,683
Current discount rate (3.65%)	320,836
1% increase (4.65%)	296,623

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

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

Medicare Cost Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 295,201
Current Medicare Costs trend rates (4.50% Part A and 5.40% Part B)	320,836
1% increase (5.50% Part A and 6.40% Part B)	349,777

Note 9 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $500 million, subject to various policy limits and deductibles ranging from $0 to $10,000 per occurrence. The District also purchases commercial insurance for general liability claims with excess retention coverage up to $5 million, all subject to various deductibles.

Each participant pays its liability insurance premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college Districts that can meet the JPA's selection criteria.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2024, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District maintains a self-insurance plan for workers' compensation benefits as authorized by Section 81602 of the California *Education Code*. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Coverage for workers' compensation claims is provided by a tiered system. The Worker's Compensation Fund provides coverage for up to a maximum of $100,000 per occurrence. In addition, the District participates in a Joint Powers Arrangement with the San Diego Joint Powers Authority that provides coverage for claims exceeding $100,000 with a limit of $900,000 per occurrence (for $1,000,000 total). In addition, there is excess worker's compensation up to the statutory limit provided by Schools Excess Liability Fund (SELF) JPA.

Insurance Program / Company Name	Type of Coverage	Limits
San Diego Joint Powers Authority	Workers' Compensation	$ 1,000,000
Schools Excess Liability Fund	Excess Workers' Compensation	Statutory
Statewide Association of Community Colleges	Property	$ 500,250,000
Statewide Association of Community Colleges	Liability	$ 5,000,000

Note 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 54,442,938	$ 14,292,177	$ 6,343,797	$ 6,909,338
CalPERS	78,975,734	26,982,280	6,217,277	11,829,151
Total	$ 133,418,672	$ 41,274,457	$ 12,561,074	$ 18,738,489

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the District's total contributions were $8,824,130.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 54,442,938
State's proportionate share of net pension liability associated with the District	26,085,142
Total	$ 80,528,080

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.0715% and 0.0738%, respectively, resulting in a net decrease in the proportionate share of 0.0023%.

For the year ended June 30, 2024, the District recognized pension expense of $6,909,338. In addition, the District recognized pension expense and revenue of $3,548,300 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,824,130	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	641,447	3,430,824
Differences between projected and actual earnings on pension plan investments	233,038	-
Differences between expected and actual experience in the measurement of the total pension liability	4,278,318	2,912,973
Changes of assumptions	315,244	-
Total	$ 14,292,177	$ 6,343,797

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (1,712,816)
2026	(2,684,284)
2027	4,411,219
2028	218,919
Total	$ 233,038

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (444,231)
2026	(380,303)
2027	(512,664)
2028	(324,673)
2029	55,163
Thereafter	497,920
Total	$ (1,108,788)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Private equity	14%	6.75%
Real estate	15%	4.05%
Inflation sensitive	7%	3.65%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 91,323,684
Current discount rate (7.10%)	54,442,938
1% increase (8.10%)	23,809,180

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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	7.00%	8.00%
Required employer contribution rate	26.68%	26.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the total District contributions were $10,869,212.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $78,975,734. The net pension liability was measured as of June 30, 2023. 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 districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.2182% and 0.2394%, respectively, resulting in a net decrease in the proportionate share of 0.0212%.

For the year ended June 30, 2024, the District recognized pension expense of $11,829,151. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,869,212	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,156,901	5,004,326
Differences between projected and actual earnings on pension plan investments	8,435,738	-
Differences between expected and actual experience in the measurement of the total pension liability	2,882,048	1,212,951
Changes of assumptions	3,638,381	-
Total	$ 26,982,280	$ 6,217,277

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 1,573,594
2026	932,236
2027	5,667,380
2028	262,528
Total	$ 8,435,738

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 1,475,604
2026	433,631
2027	(449,182)
Total	$ 1,460,053

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 114,178,497
Current discount rate (6.90%)	78,975,734
1% increase (7.90%)	49,881,451

Public Agency Retirement System Alternate Retirement System (PARS-ARS)

The Omnibus Budget Reconciliation Act of 1990 [Internal Revenue Code Section 3121 (b) (7) (F)] requires State and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security.

The District is a member of the Public Agency Retirement System Alternate Retirement System (PARS-ARS). The plan covers the District's part-time, seasonal, temporary, and other classified employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS-ARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code. The plan also shall remain a governmental plan under Section 3 (32) of the Employee Retirement Income Security Act of 1974.

The minimum total contribution is 7.50% of employees' salaries, of which the employee contributes 3.75% and the District contributes the remaining 3.75%. District employees are covered under PARS-ARS as of June 30, 2024. Total District contributions to the plan amounted to $112,788.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,172,358 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Deferred Compensation

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

Note 11 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the San Diego Joint Powers Authority (SDJPC), Statewide Association for Community Colleges (SWACC) and Schools Excess Liability Fund (SELF). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

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

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

During the year ended June 30, 2024, the District made payments of $836,151, $410,800 and $3,616 to SDJPA, SWACC and SELF, respectively.

Note 12 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

As of June 30, 2024, the District had approximately $15.9 million in commitments with respect to unfinished capital projects.

The projects are funded through a combination of general obligation bonds, capital project apportionments from the California Community College Chancellor's Office, and local funds.

Note 13 - Related Party Transactions

Office space was provided by the District on behalf of the MiraCosta College Foundation (the Foundation). The donated facilities was valued at $18,412 for the year ending June 30, 2024.

The District also provides donated services as part of its master agreement with the Foundation, including employee salaries and benefits. The services were valued at $643,701 for the year ending June 30, 2024.

Required Supplementary Information
June 30, 2024

MiraCosta Community College District

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 2,391,958	$ 2,151,934	$ 1,720,092	$ 1,534,833
Interest	2,218,085	2,171,849	1,774,330	1,667,935
Difference between expected and actual experience	1,029,490	(217,309)	3,426,873	(280,138)
Changes of assumptions	(16,891,219)	1,494,926	765,596	-
Benefit payments	(1,890,337)	(1,532,822)	(1,455,134)	(1,068,442)
Net change in total OPEB liability	(13,142,023)	4,068,578	6,231,757	1,854,188
Total OPEB Liability - Beginning	38,869,372	34,800,794	28,569,037	26,714,849
Total OPEB Liability - Ending (a)	$ 25,727,349	$ 38,869,372	$ 34,800,794	$ 28,569,037
Plan Fiduciary Net Position				
Contributions - employer	$ 1,890,337	$ 1,532,822	$ 1,455,134	$ 1,068,442
Net investment income	2,382,003	(4,055,577)	5,683,721	1,202,327
Benefit payments	(1,890,337)	(1,532,822)	(1,455,134)	(1,068,442)
Administrative expense	(40,251)	(43,386)	(43,386)	(38,117)
Net change in plan fiduciary net position	2,341,752	(4,098,963)	5,640,335	1,164,210
Plan Fiduciary Net Position - Beginning	29,472,085	33,571,048	27,930,713	26,766,503
Plan Fiduciary Net Position - Ending (b)	$ 31,813,837	$ 29,472,085	$ 33,571,048	$ 27,930,713
Net OPEB (Asset) Liability - Ending (a) - (b)	$ (6,086,488)	$ 9,397,287	$ 1,229,746	$ 638,324
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	123.66%	75.82%	96.47%	97.77%
Covered Payroll	$ 76,970,092	$ 67,944,260	$ 59,571,566	$ 59,279,737
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(7.91%)	13.83%	2.06%	1.08%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,262,891	$ 1,427,733	$ 1,263,552
Interest	1,660,653	1,551,737	1,444,923
Difference between expected and actual experience	(2,042,243)	-	-
Changes of assumptions	152,756	-	-
Benefit payments	(1,134,264)	(1,120,946)	(984,894)
Net change in total OPEB liability	(100,207)	1,858,524	1,723,581
Total OPEB Liability - Beginning	26,815,056	24,956,532	23,232,951
Total OPEB Liability - Ending (a)	$ 26,714,849	$ 26,815,056	$ 24,956,532
Plan Fiduciary Net Position			
Contributions - employer	$ 1,134,264	$ 3,020,946	$ 984,894
Net investment income	1,519,696	1,566,845	1,881,364
Benefit payments	(1,134,264)	(1,120,946)	(984,894)
Administrative expense	(20,252)	(37,580)	(32,857)
Net change in plan fiduciary net position	1,499,444	3,429,265	1,848,507
Plan Fiduciary Net Position - Beginning	25,267,059	21,837,794	19,989,287
Plan Fiduciary Net Position - Ending (b)	$ 26,766,503	$ 25,267,059	$ 21,837,794
Net OPEB (Asset) Liability - Ending (a) - (b)	$ (51,654)	$ 1,547,997	$ 3,118,738
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	100.19%	94.23%	87.50%
Covered Payroll	$ 57,553,143	$ 51,344,000	$ 51,344,000
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(0.09%)	3.01%	6.07%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2024	2023	2022	2021
Actuarially determined contribution	1,049,378	2,337,939	2,270,984	$ 1,833,269
Contribution in relation to the actuarially determined contribution	1,884,138	1,890,337	1,532,822	1,217,605
Contribution deficiency (excess)	$ (834,760)	$ 447,602	$ 738,162	$ 615,664
Covered payroll	$ 76,970,092	$ 67,944,260	$ 59,571,566	$ 59,279,737
Contributions as a percentage of covered payroll	2.45%	2.78%	2.57%	2.05%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Actuarially determined contribution	$ 1,779,717	$ 1,963,976	$ 1,916,126
Contribution in relation to the actuarially determined contribution	1,467,741	3,097,943	1,140,898
Contribution deficiency (excess)	$ 311,976	$ (1,133,967)	$ 775,228
Covered payroll	$ 57,553,143	$ 51,344,000	$ 51,344,000
Contributions as a percentage of covered payroll	2.55%	6.03%	2.22%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expense	7.95%	(12.21%)	20.19%	5.93%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	6.94%	9.25%	(0.19%)
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

Year ended June 30,	2024	2023	2022
Proportion of the net OPEB liability	0.1057%	0.1107%	0.1129%
Proportionate share of the net OPEB liability	$ 320,836	$ 364,763	$ 450,480
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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

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

	2024	2023	2022	2021	2020
CalSTRS					
Proportion of the net pension liability	0.0715%	0.0738%	0.0751%	0.0743%	0.0756%
Proportionate share of the net pension liability	$ 54,442,938	$ 51,268,201	$ 34,192,645	$ 71,970,646	$ 68,234,379
State's proportionate share of the net pension liability associated with the District	26,085,142	25,674,915	17,204,413	37,100,877	37,226,409
Total	$ 80,528,080	$ 76,943,116	$ 51,397,058	$ 109,071,523	$ 105,460,788
Covered payroll	$ 44,069,178	$ 43,436,223	$ 41,460,291	$ 40,888,749	$ 40,510,362
Proportionate share of the net pension liability as a percentage of its covered payroll	123.54%	118.03%	82.47%	176.02%	168.44%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
CalPERS					
Proportion of the net pension liability	0.2182%	0.2394%	0.2445%	0.2294%	0.2209%
Proportionate share of the net pension liability	$ 78,975,734	$ 82,381,397	$ 49,713,943	$ 70,373,271	$ 64,391,752
Covered payroll	$ 37,938,281	$ 37,731,165	$ 35,087,469	$ 33,178,292	$ 30,701,207
Proportionate share of the net pension liability as a percentage of its covered payroll	208.17%	218.34%	141.69%	212.11%	209.74%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
CalSTRS					
Proportion of the net pension liability	0.0728%	0.0733%	0.0738%	0.0805%	0.0773%
Proportionate share of the net pension liability	$ 66,908,810	$ 67,755,640	$ 59,693,011	$ 54,179,992	$ 45,153,292
State's proportionate share of the net pension liability associated with the District	38,308,423	40,083,664	33,982,167	28,655,243	27,265,507
Total	$ 105,217,233	$ 107,839,304	$ 93,675,178	$ 82,835,235	$ 72,418,799
Covered payroll	$ 38,108,247	$ 37,091,558	$ 38,363,029	$ 40,019,043	$ 32,035,059
Proportionate share of the net pension liability as a percentage of its covered payroll	175.58%	182.67%	155.60%	135.39%	140.95%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS					
Proportion of the net pension liability	0.2137%	0.2096%	0.2097%	0.2074%	0.2105%
Proportionate share of the net pension liability	$ 56,967,872	$ 50,030,808	$ 41,421,964	$ 30,577,734	$ 23,899,791
Covered payroll	$ 28,131,814	$ 26,795,363	$ 25,072,913	$ 22,897,417	$ 22,210,989
Proportionate share of the net pension liability as a percentage of its covered payroll	202.50%	186.71%	165.21%	133.54%	107.60%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

	2024	2023	2022	2021	2020
CalSTRS					
Contractually required contribution	$ 8,824,130	$ 8,417,213	$ 7,349,409	$ 6,695,837	$ 6,991,976
Contributions in relation to the contractually required contribution	8,824,130	8,417,213	7,349,409	6,695,837	6,991,976
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 46,199,634	$ 44,069,178	$ 43,436,223	$ 41,460,291	$ 40,888,749
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%
CalPERS					
Contractually required contribution	$ 10,869,212	$ 9,624,942	$ 8,644,210	$ 7,263,106	$ 6,543,091
Contributions in relation to the contractually required contribution	10,869,212	9,624,942	8,644,210	7,263,106	6,543,091
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 40,739,175	$ 37,938,281	$ 37,731,165	$ 35,087,469	$ 33,178,292
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	$ 6,595,087	$ 5,499,020	$ 4,666,118	$ 4,116,353	$ 3,553,691
Contributions in relation to the contractually required contribution	6,595,087	5,499,020	4,666,118	4,116,353	3,553,691
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 40,510,362	$ 38,108,247	$ 37,091,558	$ 38,363,029	$ 40,019,043
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 5,545,252	$ 4,369,152	$ 3,721,340	$ 2,970,388	$ 2,695,255
Contributions in relation to the contractually required contribution	5,545,252	4,369,152	3,721,340	2,970,388	2,695,255
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 30,701,207	$ 28,131,814	$ 26,795,363	$ 25,072,913	$ 22,897,417
Contributions as a percentage of covered payroll	18.062%	15.531%	13.888%	11.847%	11.771%

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB (Asset) Liability and Related Ratios

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The salary increase assumptions has been updated from 3.00% to 2.80% since the previous valuation.

Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes in Assumptions* - The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of the District's Contributions for Pensions

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

Supplementary Information
June 30, 2024

MiraCosta Community College District

MiraCosta Community College District (the District) was established in 1934 and serves an area of about 15 square miles in northern San Diego County (the County). The District includes the cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach, as well as adjacent unincorporated areas of the County. The District operates two campuses and two centers. The main campus, MiraCosta College, is located on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff, a 7.6 acre Community Learning Center in Oceanside, and the Technology Career Institute in Carlsbad.

Board of Trustees as of June 30, 2024

Member	Office	Term Expires
Mr. Frank Merchat	President	2024
Mr. Rick Cassar	Vice President	2026
Ms. Raye Clendening	Member	2026
Dr. William C. Fischer	Member	2026
Ms. Anna Pedroza	Member	2026
Mr. George McNeil	Member	2024
Ms. Jacquelin Simon	Member	2024

Administration as of June 30, 2024

Dr. Sunita Cooke	Superintendent/President
Mr. Tim Flood	Assistant Superintendent/Vice President, Administrative Services
Ms. Denée Pescarmona	Assistant Superintendent/Vice President, Instructional Services
Dr. Alketa Wojcik	Assistant Superintendent/Vice President, Student Services
Mr. Charlie Ng	Assistant Superintendent/Vice President, Human Resources

Auxiliary Organizations in Good Standing

MiraCosta Foundation, established 1967
Master Agreement revised November 19, 2020
Shannon Stubblefield, Vice President, Institutional Advancement

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 13,949,291
Federal Pell Grant Program Administrative Allowance	84.063		24,095
Federal Direct Student Loans	84.268		2,581,094
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		323,079
Federal Work-Study (FWS) Program	84.033		384,924
Subtotal Student Financial Assistance Cluster			17,262,483
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334A		1,892,118
Passed through California Department of Education (CDE)			
Adult Basic Education, English Language Acquisition, and ELCE (Section 231)	84.002A	14508	316,946
Adult Secondary Education (Section 231)	84.002	13978	156,731
Integrated English Literacy and Civics Education (Section 243)	84.002A	14109	33,769
Subtotal			507,446
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	23-C01-050	402,103
Title V Higher Education Act	84.031S		627,203
Fund for the Improvement of Postsecondary Education	84.116Z		770,843
Total U.S. Department of Education			21,462,196
Small Business Administration			
Veterans Business Outreach Center (VBOC) Program Grant	59.044		446,811
Passed through Southwestern Community College District North San Diego Small Business Development Center Program			
Small Business Development Center (SBDC)	59.037	11971.23	238,829
Total Small Business Administration			685,640
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	37,244

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
National Aeronautics and Space Administration (NASA)			
Passed through Regents of Univeristy of California			
Opportunity for Community College Partnerships	43.008	[1]	$ 1,288
Research and Development Cluster			
National Science Foundation			
Expanding Hands-On Biotechnology and Biomanufacturing Experience for Diverse Student Populations	47.076		89,342
Beginnings: Experiential Learning for Biomanufacturing Needs in Emerging Technolocies (ExLENT)	47.084		87,916
Passed through Bay Area Bioscience Education Community (BABEC)			
InnovATEBIO: National Biotechnology Education Center	47.076	2324-1901984	8,319
Passed through San Diego State University (SDSU) Foundation dba SDSU Research Foundation			
The Alliance of Students with Disabilities for Inclusion, Networking, and Transition Opportunities in STEM	47.076	D10225-05 SA945 A0 5A601A 7804	18,233
U.S. Department of Health and Human Services			
Passed through California State University San Marcos Corp.			
Biomedical Research and Research Training CSUSM Bridges to Baccalaureate	93.859	85342-MCC	16,316
Subtotal Research and Development Cluster			220,126
U.S. Department of Veterans Affairs			
Veterans Services	64.027		20,867
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	52,155
Total Federal Financial Assistance			$ 22,479,516

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

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
A2MEND: African American Male Education Network Development	$ 64,990	$ -	$ -	$ 36,826	$ 28,164	$ 28,164
Adult Education Program (AEP)	1,593,898	-	-	448,812	1,145,086	1,145,086
Basic Needs Center	702,159	-	-	91,272	610,887	610,887
CAI BioFlex	-	123,939	-	-	123,939	123,939
CAI Food Safety	-	240,868	-	-	240,868	240,868
CAI Food Svc Mgr	-	484,038	-	-	484,038	484,038
CAI Medical Scientist	-	75,629	-	-	75,629	75,629
CAI Regenerative Med	-	38,400	-	-	38,400	38,400
Cal Grant	2,371,240	7,880	-	-	2,379,120	2,379,120
Calif College Promise AB19	3,208,701	-	-	1,283,433	1,925,268	1,925,268
California Chafee Grant Program	130,000	-	-	-	130,000	130,000
CalWORKs	335,793	-	-	-	335,793	335,793
CARE	296,977	-	-	-	296,977	296,977
Center for Excellence	142,616	-	-	-	142,616	142,616
CIRM COMPASS	849,230	-	-	554,953	294,277	294,277
CJF Data Collection and Consolidation	70,000	70,000	-	-	140,000	140,000
College Promise Grants (BOG Fee Waivers Admin)	98,371	-	-	34,451	63,920	63,920
Cooperative Education Reskilling and Training (CERTS)	307,469	-	-	-	307,469	307,469
COVID-19 Recovery Block Grant (AB182)	903,520	-	-	-	903,520	903,520
Culturally Competent Faculty PD	45,086	-	-	45,086	-	-
Culturally Competent Professional Development	300,000	-	-	256,485	43,515	43,515
Disaster Relief Emergency Student Financial Aid	297	-	-	-	297	297
Dreamer Resource Center Liaison	167,902	-	-	62,050	105,852	105,852
DSPS	1,555,213	-	-	-	1,555,213	1,555,213
EEO Best Practices	178,197	-	-	33,658	144,539	144,539
EOPS	1,718,720	-	-	234,761	1,483,959	1,483,959
Equal Employment Opportunity	253,449	-	-	207,554	45,895	45,895
Equal Employment Opportunity (EEO) Innovative Best Practices Grant	150,000	-	-	150,000	-	-
Equitable Placement, Support and Completion (AB 1705)	511,463	-	-	317,162	194,301	194,301
Financial Aid Technology	52,320	-	-	-	52,320	52,320
Go Biz TAEP2019-C17	110,907	16,761	-	-	127,668	127,668
Go-Biz Grant CIP	37,991	13,963	-	-	51,954	51,954
Guided Pathways	328,916	-	-	95	328,821	328,821

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Learning Aligned Employment Program (LAEP)	$ 2,704,833	$ -	$ 2,526,811	$ 26,534	$ 151,488	$ 151,488
LGBTQIA+ Equity	156,840	-	-	135,499	21,341	21,341
Library Services Platform Allocation for Operational Services	23,122	-	-	23,122	-	-
Local and Systemwide Tech and Data Security AB178	683,675	-	-	459,419	224,256	224,256
Mental Health Support	580,600	-	-	226,050	354,550	354,550
MESA Program (Mathematics, Engineering, Science Achievement)	837,258	28,000	-	544,086	321,172	321,172
Middle Class Scholarship (CSAC)	135,673	-	-	5,756	129,917	129,917
NextUp	628,518	-	-	460,950	167,568	167,568
Nursing Education	207,127	-	-	-	207,127	207,127
Perkins Reserve Innovation	-	47,753	-	-	47,753	47,753
PPIS Facilities	2,576,581	-	-	1,994,287	582,294	582,294
PPIS Instructional	1,038,363	-	-	888,770	149,593	149,593
Regional Centers of Excellence	800,000	-	-	688,208	111,792	111,792
RERP Regional Equity & Recovery Partnerships	39,397	-	-	39,397	-	-
Retention and Enrollment Outreach	1,073,213	-	-	273,749	799,464	799,464
Seamless Transfer of Ethnic Studies	48,695	-	-	35,573	13,122	13,122
Staff Development	56,888	-	-	56,888	-	-
Student Equity and Achievement	6,053,955	-	-	1,512,713	4,541,242	4,541,242
Student Financial Aid Admin (SFAA)	493,849	-	-	-	493,849	493,849
Student Food and Housing Support (Basic Need Services)	510,997	-	-	268,906	242,091	242,091
Student Housing (Planning)	133,870	-	-	133,870	-	-
Student Success Completion	4,384,844	-	-	1,098,010	3,286,834	3,286,834
Student Transfer Achievement Reform Act AB928	565,217	-	-	565,217	-	-
SWP Local Program	2,495,133	-	-	1,216,004	1,279,129	1,279,129
SWP Pathways Navigation	4,167	-	-	-	4,167	4,167
SWP Regional	1,209,794	1,099,539	-	-	2,309,333	2,309,333
SWP Work Based Learning Coord	45,000	30,000	-	-	75,000	75,000
Transitions Scholars	187,368	-	-	95,175	92,193	92,193
Umoja Campus Programs	179,571	-	-	84,376	95,195	95,195
Veteran Program and Resource Center	271,441	-	-	21,231	250,210	250,210
Veteran Resource Center Expansion	107,930	-	-	107,930	-	-
Zero Textbook Cost	1,299,779	-	-	1,112,721	187,058	187,058
Total state programs	$ 46,019,123	$ 2,276,770	$ 2,526,811	$ 15,831,039	$ 29,938,043	$ 29,938,043

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit*	128.05	-	128.05
2. Credit	1,037.24	-	1,037.24
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,007.07	-	2,007.07
(b) Daily Census Contact Hours	239.79	-	239.79
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	207.79	-	207.79
(b) Credit	218.00	-	218.00
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	3,399.97	-	3,399.97
(b) Daily Census Procedure Courses	1,919.57	-	1,919.57
(c) Noncredit Independent Study/Distance Education Courses	455.25	-	455.25
D. Total FTES	9,612.73	-	9,612.73
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	512.43	-	512.43
2. Credit	4.41	-	4.41
CCFS-320 Addendum			
CDCP Noncredit FTES	575.75	-	575.75
Centers FTES			
1. Noncredit*	359.08	-	359.08
2. Credit	283.23	-	283.23

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,335,644	$ -	$ 19,335,644	$ 19,335,644	$ -	$ 19,335,644
Other	1300	19,145,191	-	19,145,191	19,145,632	-	19,145,632
Total Instructional Salaries		38,480,835	-	38,480,835	38,481,276	-	38,481,276
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	11,198,945	-	11,198,945
Other	1400	-	-	-	2,623,542	-	2,623,542
Total Noninstructional Salaries		-	-	-	13,822,487	-	13,822,487
Total Academic Salaries		38,480,835	-	38,480,835	52,303,763	-	52,303,763
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	22,388,378	-	22,388,378
Other	2300	-	-	-	2,010,365	-	2,010,365
Total Noninstructional Salaries		-	-	-	24,398,743	-	24,398,743
Instructional Aides							
Regular Status	2200	4,311,881	-	4,311,881	4,487,250	-	4,487,250
Other	2400	943,317	-	943,317	997,495	-	997,495
Total Instructional Aides		5,255,198	-	5,255,198	5,484,745	-	5,484,745
Total Classified Salaries		5,255,198	-	5,255,198	29,883,488	-	29,883,488
Employee Benefits	3000	18,582,601	-	18,582,601	36,855,182	-	36,855,182
Supplies and Material	4000	-	-	-	993,346	-	993,346
Other Operating Expenses	5000	-	-	-	9,667,488	-	9,667,488
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exlcusions		62,318,634	-	62,318,634	129,703,267	-	129,703,267

Exclusions	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 478,875	$ -	$ 478,875	$ 478,875	$ -	$ 478,875
Student Health Services Above Amount Collected	6441	-	-	-	754,321	-	754,321
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,065,764	-	1,065,764
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,679,325	-	1,679,325
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,269,986	$ -	$ 2,269,986
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		478,875	-	478,875	6,248,271	-	6,248,271
Total for ECS 84362, 50% Law		$ 61,839,759	$ -	$ 61,839,759	$ 123,454,996	$ -	$ 123,454,996
% of CEE (Instructional Salary Cost/Total CEE)		50.09%		50.09%	100.00%		100.00%
50% of Current Expense of Education					$ 61,727,498		$ 61,727,498

See Notes to Supplementary Information

Activity Classification	Object Code			Unrestricted
EPA Revenues:	8630			$ 1,002,037
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 1,002,037	$ -	$ -	$ 1,002,037
Total Expenditures for EPA		$ 1,002,037	$ -	$ -	$ 1,002,037
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance and retained earnings		
General Funds	$ 42,219,974	
Special Revenue Funds	5,602,644	
Capital Project Funds	226,934,553	
Debt Service Funds	22,504,702	
Proprietary Funds	422,865	
Internal Service Funds	1,014,895	
Fiduciary Funds	35,446,785	
Total fund balance and retained earnings - all District funds		$ 334,146,418
Amounts held in trust on behalf of others (OPEB Trust)		(35,446,785)
The net other postemployment benefits (OPEB) asset results from the difference between annual OPEB cost on the accrual basis and OPEB contributions in the governmental funds.		6,086,488
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	538,573,075	
Accumulated depreciation and amortization is	(118,957,282)	
Less: fixed assets already recorded in special revenue and proprietary fund	(4,711,089)	
Total capital assets, net		414,904,704
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	8,203,310	
Deferred outflows of resources related to pensions	41,274,457	
Total deferred outflows of resources		49,477,767
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(5,538,764)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(397,517,868)	
Certificates of participation	(49,021,935)	
Subscription-based IT arrangements	(2,253,201)	
Compensated absences	(2,771,027)	
Less amounts recorded in Governmental Funds	294,043	
Load banking	(2,010,329)	
Less amounts recorded in Governmental Funds	80,034	
Aggregate net other postemployment benefits (OPEB) liability	(320,836)	
Aggregate net pension liability	(133,418,672)	
Total long-term liabilities		(586,939,791)

Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	$ (16,270,991)	
Deferred inflows of resources related to pensions	(12,561,074)	
Total deferred inflows of resources		$ (28,832,065)
Total net position		$ 147,857,972

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2024.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District’s EPA revenue and summarizes expenditures of EPA funds.

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2024

MiraCosta Community College District

EideBailly
CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
MiraCosta Community College District
Oceanside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary activities of MiraCosta Community College District (the District) as of and for the year ended June 30, 2024, 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 23, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 23, 2024

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

To the Board of Trustees
MiraCosta Community College District
Oceanside, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MiraCosta Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. 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, MiraCosta Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 23, 2024

Independent Auditor's Report on State Compliance

To the Board of Trustees
MiraCosta Community College District
Oceanside, California

Report on State Compliance

Opinion on State Compliance

We have audited MiraCosta Community College District's (the District) compliance with the types of compliance requirements described in the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below for the year ended June 30, 2024.

In our opinion, MiraCosta Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion. 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 identified below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-2024 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 2023-2024 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, we express no such opinion.

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 that we identify during the audit.

Compliance Requirements Tested

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

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

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District received no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District received no funding through Propositions 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The final expenditure report for the COVID-19 Response Block Grant was submitted in the prior fiscal year; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 23, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

MiraCosta Community College District

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Fund for the Improvement of Postsecondary Education	84.116Z

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for State programs:	Unmodified

None reported.

None reported.

None reported.

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

Federal Award Findings

2023-001 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Number: 84.007; 84.268; 84.033; 84.063
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements

34 CFR section 668.173(b)
Returns of Title IV (R2T4) funds are required to be deposited or transferred into the Student Financial Aid (SFA) account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

34 CFR section 668.22(c):
If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise provided official notification to the school, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over Return to Title IV requirements, the following deficiencies were noted:

- 26 of the 60 Return to Title IV calculations had a withdrawal determination date outside of the required timeframe.

- 5 of the 60 Return to Title IV calculations were incorrectly calculated due to an error in the academic calendar loaded into the financial aid software.
- 1 of the 60 Return to Title IV calculations were incorrectly calculated due to an error in the student's academic status utilized in the calculation.

Cause

The District did not implement procedures to ensure that the return to Title IV funds were calculated timely and accurately, and returned in a timely manner.

Effect

Without proper monitoring of the timing of student withdrawals and calculations of R2T4, the District risks noncompliance with the above referenced criteria.

Questioned Costs

There are no questioned costs associated with the condition identified. All funds were returned, however, not within the 45-day requirement.

Context

We tested a non-statistical sample of 60 R2T4 calculations of a total 431 calculations performed by the District during the 2023 aid year.

Repeat Finding (Yes or No)

No.

Recommendation

The District should establish effective controls to ensure the return of funds occurs within 45 days from the date the institution determines the student withdrew from all classes and that the withdrawal determination is performed within the required timeframe. Additionally, the District should implement procedures to ensure that the academic calendar loaded in the financial aid software is accurate and based on the most up to date information. The District should also implement procedures to ensure that the correct student status is utilized in the calculation of Return to Title IV.

Current Status

Implemented.