Financial Statements
June 30, 2020

Santa Monica Community College District

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Independent Auditor's Report

Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Santa Monica Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2020 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 18 and other required supplementary schedules on pages 80 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The Schedule of Expenditures of Federal Awards and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information 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 February 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Santa Monica Community College District (the "District") for the year ended June 30, 2020. 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 Santa Monica Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community College Chancellor's Office (CCCCO), through its Fiscal Standards and Accountability Committee, recommended that all community college districts use the 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 its financial statements.

Prior year data is presented in Management's Discussion and Analysis to afford a comparative analysis of data.

Santa Monica Community College District is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The District offers programs of the highest quality for residents of Santa Monica, Malibu, and any students who continue with their higher education studies. The District offers programs of remediation and reentry; provides exemplary programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community service programs of personal interest.

The 2019-2020 fiscal year was one of the most difficult years in memory with the emergence of COVID-19. The pandemic has created numerous challenges for the District including an economic recession, a closure of international borders and the necessity of transitioning to a completely remote learning modality. These are just a few of the items that affected the District's financial activities in 2019-2020.

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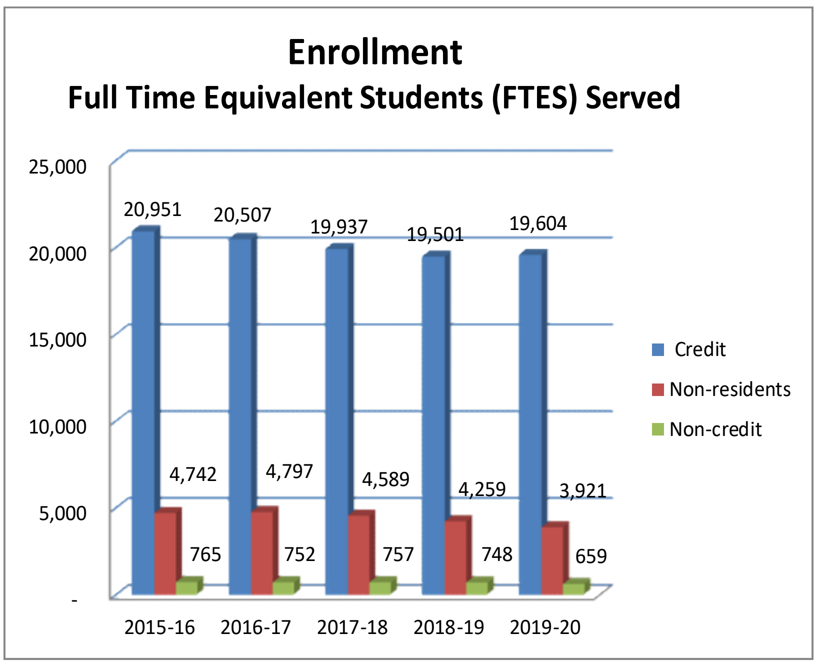
Dr. Kathryn E. Jeffery, Superintendent/President

Selected Highlights

- The District's primary funding sources are State Apportionment, received from the State of California, and fees generated by serving non-resident students. The primary of both of these funding sources is how many Full-Time Equivalent Students (FTES) the District serves. For the 2019-2020 fiscal year, the California Community College Chancellor's Office, with the intent to prevent funding disruptions due to the pandemic, has allowed Districts to report FTES based on the number of students in attendance prior to the emergence of coronavirus. The following table reflects FTES levels using this emergency attendance methodology for reporting FTES.

  During 2019-2020, total FTES reported, using the emergency attendance reporting methodology, decreased from 24,508 in the prior year to 24,184 (approximately 1.3 percent). Actual FTES served decreased by 2,643 FTES or approximately 11 percent.



- In 2018-2019, the State adopted the Student-Centered Funding Formula (SCFF), the methodology the State will use to allocate funding to community college districts moving forward. The SCFF calculates funding based on three main factors: Base Allocation (enrollment), Supplemental Allocation (number of low-income students served measured by financial aid distribution), and student success (number of student success outcomes achieved). The SCFF contains a hold-harmless provision which states that, through 2021-2022, districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. In the 2020-2021 State Budget Act the hold-harmless period was extended through 2023-2024. For 2020-2021, the District projects that it will continue to be funded under the hold-harmless provision.

- As reported to the State Chancellor's Office on the Annual Financial and Budget Report (CCFS-311), the District ended the 2019-2020 fiscal year with an Unrestricted General Fund balance of $21,339,089 or 10.9 percent of total expenditures and transfers. This represents a $9,337,018 decrease in fund balance from the prior year.

- During 2019-2020, the District made significant progress on the following major capital construction projects: Malibu Site Acquisition and Facility; Math and Science Classroom Addition; Early Childhood Development and Childcare Facility; and Student Services Building.

- The District's bond rating was upgraded in 2017-2018 from AA to AA+ (Standard & Poor's) and from Aa2 stable to Aa2 positive (Moody's). In 2020-2021 Standard & Poor's reaffirmed the Districts AA+ rating and Moody's modified the rating to Aa2 stable. The credit strengths noted by the rating agencies include a strong management team, revenue flexibility from the presence of out-of-state students, very strong income and property wealth indicators, and a broad and diverse tax base. These strong credit ratings help the District achieve the lowest cost of borrowing when issuing debt, which directly translates into savings for the local taxpayers.

Statement of Net Position

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

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

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

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

The Statement of Net Position as of June 30, 2020 and June 30, 2019 are summarized below:

	2020	2019
Assets		
Cash and investments	$ 332,771,978	$ 391,360,728
Accounts receivable (net)	29,367,862	12,232,564
Other current assets	3,594,276	2,832,751
Capital Assets (net)	670,890,967	661,833,719
Total Assets	1,036,625,083	1,068,259,762
Deferred Outflows of Resources		
Deferred charges on refunding	5,584,230	6,203,421
Deferred outflows of resources related to OPEB	34,270,730	37,769,702
Deferred outflows of resources related to pensions	48,173,158	56,450,276
Total Deferred Outflows of Resources	88,028,118	100,423,399
Liabilities		
Accounts payable and accrued liabilities	63,093,355	64,613,643
Current portion of long-term liabilities	36,312,816	26,830,915
Total Current Liabilities	99,406,171	91,444,558
Long-term liabilities	1,070,021,831	1,098,849,775
Total Liabilities	1,169,428,002	1,190,294,333
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB	250,409	192,539
Deferred inflows of resources related to pension	26,239,475	16,635,887
Total Deferred Inflows of Resources	26,489,884	16,828,426
Net Position		
Net investment in capital assets	174,269,151	165,824,526
Restricted	127,912,967	131,204,141
Unrestricted deficit	(373,446,803)	(335,468,265)
Total Net Position (Deficit)	$ (71,264,685)	$ (38,439,598)

- Approximately 97 percent of the cash and cash equivalent balance is deposited with or in the process of being transferred to, the Los Angeles County Investment Pool. The remaining balance consists of deposits with various financial institutions.

- Cash and investments decreased due primarily to spending down bond monies, decreases in the Bond Interest and Redemption fund, and a deferral of State Apportionment for the month of June 2020.

- Accounts receivable (net) increased due to the deferral of State Apportionment as a result of the State's deteriorating financial condition.

- Capital assets, net of accumulated depreciation increased due to the capital construction and planning activity associated with the following major projects: Malibu Site Acquisition and Facility, Early Childhood Development and Childcare Facility, Student Services Building; and Math and Science Classroom Addition. Refer to the "Capital Asset" and "Long-term Liabilities" portion of the Management Discussion and Analysis for further details.

- Deferred outflows of resources related to Other Postemployment Benefits (OPEB) decreased due to the recognition of the District OPEB contributions subsequent to the measurement date.

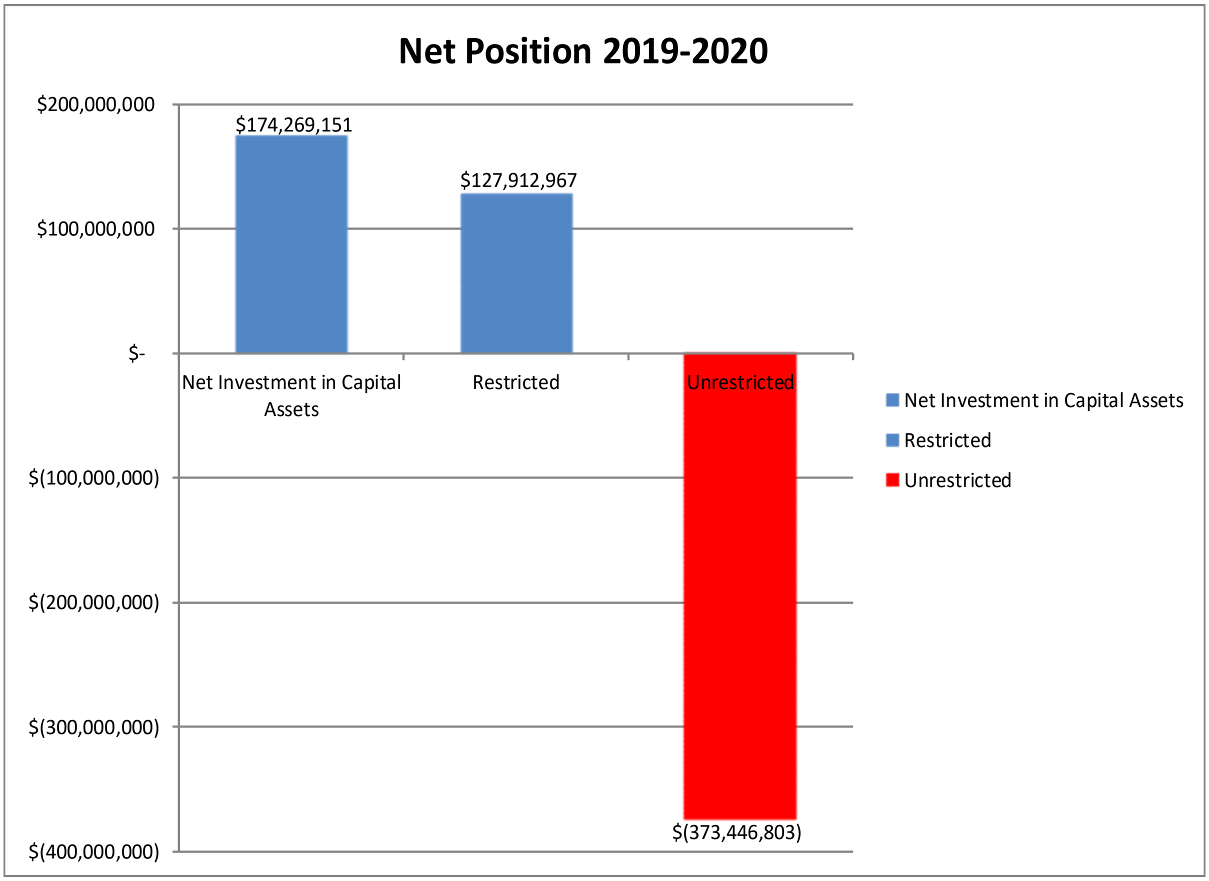
- Accounts payable and accrued liabilities decreased as a result of the payment of construction payables and legal settlements which were accrued in the prior year.

- Current portion of long-term liabilities increased due to current year's general obligation bonds debt services payment due and the one-time Supplemental Early Retirement Plan (SERP) offered for the full time and part time faculty on June 2, 2020.

- In 2014-2015, the District implemented GASB Statements No. 68 and No. 71, which were issued with the "primary objective to improve accounting and financial reporting by State and local governments for pensions." The statement requires the District to reflect on the financial statements its proportional share of the Statewide pension funds' unfunded liability, CalSTRS and CalPERS, by recording deferred outflows of resources, net pension liability, and deferred inflows of resources. Deferred outflows of resources represent contributions made during the fiscal year that are removed from expenses and are recorded as deferred outflows of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year. The liability of employers and non-employers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension obligation. Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources result from the difference between the estimated and actual return on pension plan investments. This amount is deferred and amortized over five years.

Net Pension Liability is categorized as follows:

Santa Monica College Net Pension Liability	
Pension Fund	**Net Liability**
CalSTRS	$ 104,474,234
CalPERS	$ 83,586,461
CalPERS Safety	$ 4,416,271
Total	***$ 192,476,966***



Statement of Revenues, Expenses and Change in Net Position

Net position as presented on the Statement of Net Position is based on the activities presented in the Statement of Revenues, Expenses and Change 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 represents the net results of the District's 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 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.

A comparison between fiscal years 2019-2020 and 2018-2019 is provided on the following page.

The Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2020 and June 30, 2019 are summarized below:

	2020	2019
Operating Revenues		
Student tuition and fees, net	$ 52,303,012	$ 58,377,695
Federal, State, and local grants and contracts, noncapital	41,231,449	39,665,351
Auxiliary enterprise sales and charges	3,818,053	4,707,656
Total Operating Revenues	97,352,514	102,750,702
Operating Expenses		
Salaries and benefits	227,206,831	205,897,243
Supplies, maintenance, equipment and repairs	46,949,455	44,458,934
Student financial aid	43,872,081	39,702,595
Depreciation	23,566,625	23,321,549
Total Operating Expenses	341,594,992	313,380,321
Operating Loss	(244,242,478)	(210,629,619)
Nonoperating Revenues (Expenses)		
State apportionments	95,602,452	88,890,044
Property taxes	80,186,732	74,109,742
Grants and contracts	42,498,707	38,609,615
State revenues	5,822,788	6,508,198
Net interest expense	(24,351,089)	(24,196,517)
Other nonoperating revenues	7,147,460	5,507,331
Total Nonoperating Revenue (Expenses)	206,907,050	189,428,413
Other Revenues		
State and local capital income	4,510,341	12,429,444
Change in Net Position	$ (32,825,087)	$ (8,771,762)

- In 2019-2020 total FTES served declined by 2,643 FTES from the prior year resulting in a decrease in tuition and fees.

- Total operating revenues decreased primarily due to a decrease in non-resident tuition.

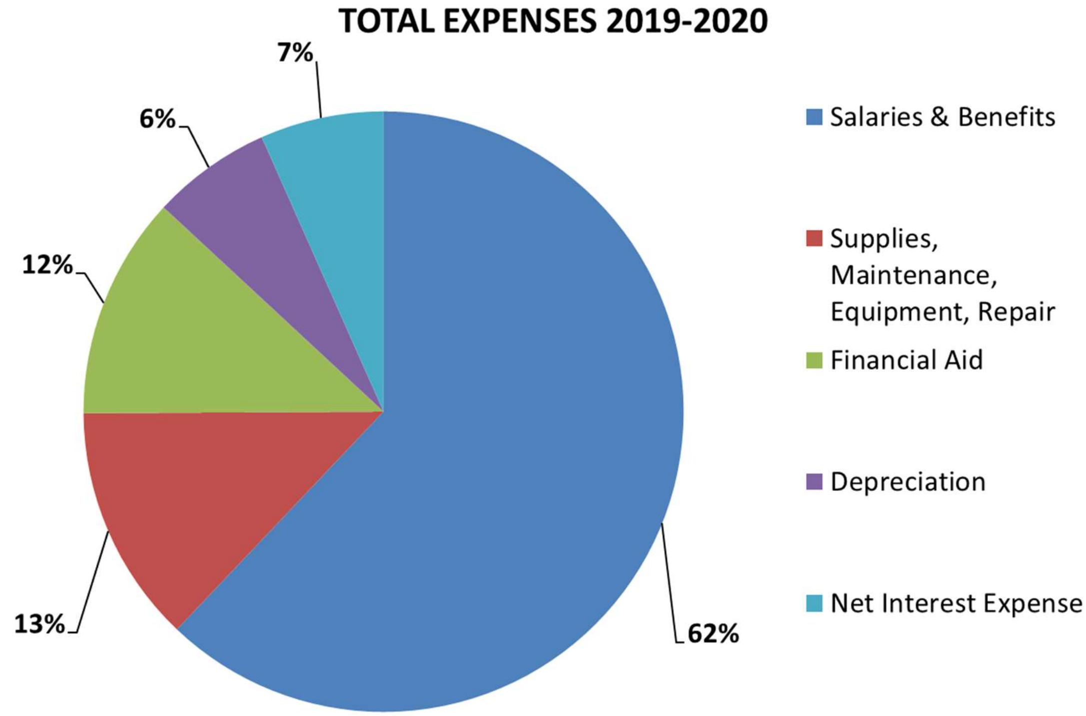
- In 2019-2020 the District settled multiple collective bargaining agreements which resulted in the following increases to compensation:

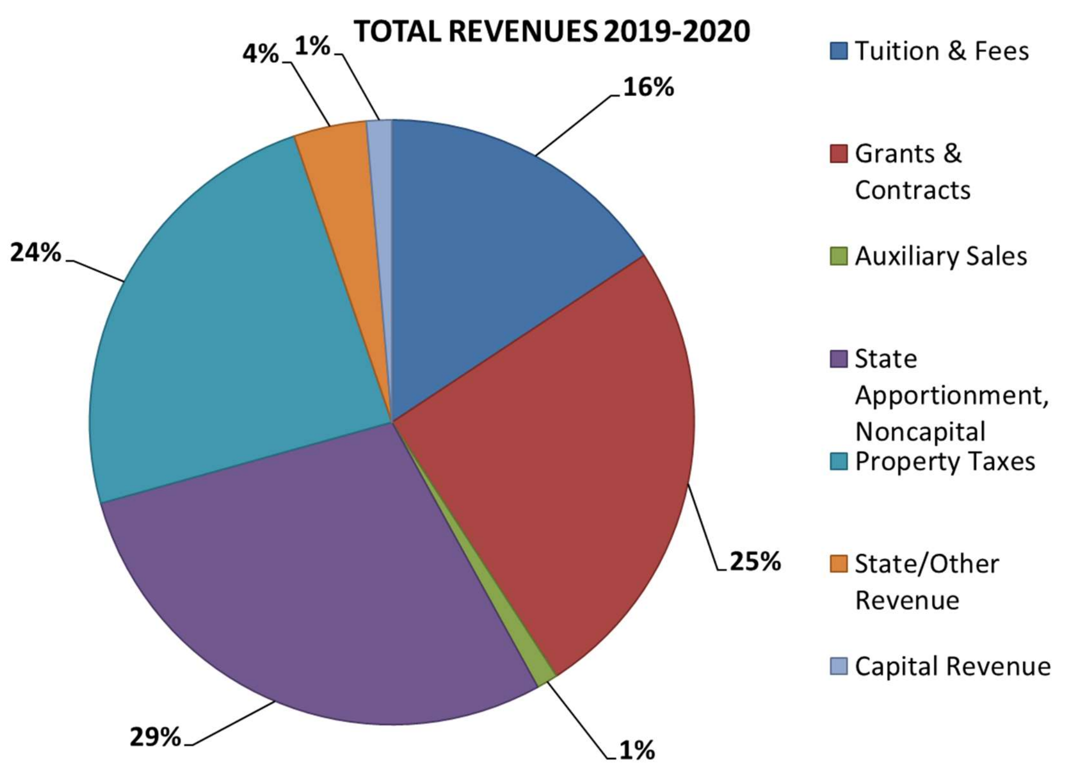
    - Members of the Santa Monica College Faculty Association received a retroactive 2.5 percent salary schedule increase effective Fall 2019.
    - Members of the Classified School Employee Association received a retroactive 2.5 percent salary schedule increase effective July, 1, 2018, a 2.5 percent salary increase effective July 1, 2019 and a one-time distribution of the employee welfare fund.
    - Members of the Santa Monica College Police Association received a 2.5 percent salary schedule increase effective July, 1, 2018 and a 2.5 percent salary increase effective July 1, 2019
    - Effective July 1, 2018, Classified Confidential employees salary was realigned with the classified employee classifications and salary ranges covered by CSEA collective bargaining agreement and received a 2.5 percent salary increase effective July 1, 2019.

  These compensation increases coupled with an increase in the employer contribution rates for pension benefits resulted in an increase in salary and benefits expenditures.

- The Student-Centered Funding Formula Calculated revenue is a workload calculation funded by property taxes, the Education Protection Account (EPA) funding, enrollment fees, and apportionment. If property taxes, EPA funding or enrollment fees decline, the apportionment increases to cover the shortage if State funding is available. The inverse is also true, so any increase in tax receipts, EPA or enrollment fees would lower the apportionment. State apportionments increased in 2019-2020 due to 3.26 percent cost of living adjustment (COLA) net of a deficit factor of 0.95 percent coupled with lowered enrollment fees and property tax revenues collected.

- State and local capital income decreased as a result of the receipt of reimbursements in 2018-19 from the State of California for the Math and Science Classroom Addition, project donations from KCRW for the construction of the Center for Media and Design, and a donation from the City of Santa Monica for the construction of the Early Childhood Development and Childcare Facility which did not repeat in 2019-2020.


TOTAL EXPENSES 2019-2020
7%
6%
12%
13%
62%
Salaries & Benefits
Supplies, Maintenance, Equipment, Repair
Financial Aid
Depreciation
Net Interest Expense


TOTAL REVENUES 2019-2020
4%
1%
16%
24%
25%
29%
1%
Tuition & Fees
Grants & Contracts
Auxiliary Sales
State Apportionment, Noncapital
Property Taxes
State/Other Revenue
Capital Revenue

Statement of Functional Expense

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses and Changes in Net Position. A schedule of expenses by function is shown below:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 67,649,413	$ 37,274,313	$ 2,206,708	$ -	$ -	$ 107,130,434
Academic support	14,726,535	7,491,399	391,029	-	-	22,608,963
Student services	26,186,860	13,322,244	8,720,892	197,357	-	48,427,353
Plant operations and maintenance	6,781,482	4,851,097	2,454,942	-	-	14,087,521
Instructional support services	18,508,050	18,634,278	7,292,177	-	-	44,434,505
Community services and economic development	1,337,637	735,541	98,223	-	-	2,171,401
Ancillary services and auxiliary operations	5,800,896	3,402,445	5,018,707	-	-	14,222,048
Student aid	-	-	-	43,674,724	-	43,674,724
Physical property and related acquisitions	292,920	211,721	20,766,777	-	-	21,271,418
Unallocated depreciation	-	-		-	23,566,625	23,566,625
Total	$ 141,283,793	$ 85,923,038	$ 46,949,455	$ 43,872,081	$ 23,566,625	$ 341,594,992

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 reflects the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Change in Net Position located on page 20 of the financial statements.

	2020	2019
Cash Provided by (Used in)		
Operating activities	$ (203,635,544)	$ (171,112,767)
Noncapital financing activities	173,637,625	176,878,784
Capital financing activities	(33,242,748)	(77,505,340)
Investing activities	5,743,637	5,518,704
Net Change in Cash and Cash Equivalents	(57,497,030)	(66,220,619)
Cash and Cash Equivalents, Beginning of Year	322,615,576	388,836,195
Cash and Cash Equivalents, End of Year	$ 265,118,546	$ 322,615,576

- Cash receipts from operating activities are from student tuition, Federal, State, and Local grants and contracts, and auxiliary operation sales. Uses of cash from operating activities consist of payments to employees, vendors and students.

- Non-capital financing activities represent cash receipts from State apportionment, property taxes, State taxes, other State revenue and grants and gifts for other than capital purposes.

- Cash flows from capital and related financing activities represents local revenue for capital purposes, tax revenue for payment of capital debt, purchase of capital assets and principal and interest payments on capital debt.

- Cash from investing activities includes interest earnings through the Los Angeles County Investment Pool.

District's Fiduciary Responsibility

The District is the trustee or fiduciary for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2020, the District has governmental capital assets of $854.8 million, consisting of land, buildings and building improvements, construction in progress, vehicles, office and instructional equipment, with an accumulated depreciation of $183.9 million for net governmental capital assets of $670.9 million. Net additions to capital assets in 2019-2020 consisted mainly of site improvements and construction in progress as a result of the passage of Measure S, Measure AA, and Measure V. The following major projects added significantly to the capital assets of the District in the form of site improvements and construction in process: Malibu Site Acquisition and Facility; Early Childhood Development and Childcare Facility; Student Services Building; and Math and Science Classroom Addition. It is important to recognize that all valuations are based on historical cost as required by generally accepted accounting principles (GAAP). For example, the 38 acres of the main campus would have a significantly greater value today than is reflected in the capital asset listing on the following page.

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land and construction in progress	$ 221,981,198	$ 32,549,280	$ (1,898,738)	$ 252,631,740
Buildings and improvements	569,088,643	1,361,868	-	570,450,511
Furniture and equipment	31,162,026	615,029	(37,614)	31,739,441
Subtotal	822,231,867	34,526,177	(1,936,352)	854,821,692
Accumulated depreciation	(160,398,148)	(23,566,625)	34,048	(183,930,725)
	$ 661,833,719	$ 10,959,552	$ (1,902,304)	$ 670,890,967

Long-term Liabilities

At June 30, 2020, the District had approximately $1.1 billion in long-term liabilities: $11.1 million from compensated absences/load banking, $6.4 million from the supplemental early retirement plan, $134.3 million from GASB Statement No. 75, other postemployment healthcare benefit liability, $4.1 million from capital lease, $8.6 million from obligations under Certificates of Participation, $749.4 million from General Obligation Bonds, and $192.5 million from GASB Statements No. 68 and No. 71, pension liability.

The General Obligation Bonds and Certificates of Participation were issued to fund various projects related to construction, purchase and renovation of instructional facilities, laboratories, centers, administrative facilities and parking structures. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds. Debt payments on the Certificates of Participation will be funded through parking revenues, additional funding sources related to student enrollment and other sources identified within the capital funds.

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
General obligation bonds	$ 770,211,628	$ 5,872,815	$ (26,662,440)	$ 749,422,003
Certificates of Participation	10,453,337	-	(1,832,084)	8,621,253
Aggregate net OPEB liability	125,723,525	13,626,480	(5,075,286)	134,274,719
Aggregate net pension liability	201,857,314	2,907,753	(12,288,101)	192,476,966
Other long-term liabilities	17,434,886	5,740,735	(1,635,915)	21,539,706
Total Long-term Liabilities	$ 1,125,680,690	$ 28,147,783	$ (47,493,826)	$ 1,106,334,647
Amount due within one year				$ 36,312,816

Budget for the Future - Unrestricted General Fund - 2020-2021

In this section, the District highlights some of the major budgetary assumptions presented in the 2020-2021 Adopted Budget to assist the reader in understanding the long-term fiscal stability of the Institution.

Overview

For 2020-2021, the District is projecting a revenue decrease from the prior year actual of approximately <4.35> percent or <$8,077,916>. Expenditures are projected to decrease <5.1> percent or <$9,955,308>. The net effect of the projected changes in revenue and expenditures will result in a projected structural deficit of <$17,795,982> and projected operating deficit, including one-time items of <$7,757,960>, resulting in a projected ending Unrestricted General Fund Balance of $13,282,795 including designated reserves, or 7.17 percent of total expenditures and transfers.

Significant Changes to the Student-Centered Funding Formula

In 2018-2019, the State adopted the Student-Centered Funding Formula (SCFF), the methodology the State will use to allocate funding to community college districts. The formula calculates funding based on three main factors: Base Allocation (enrollment), Supplemental Allocation (number of low-income students served measured by financial aid distribution) and Student Success (number of student success outcomes achieved). The original SCFF legislation contained a hold harmless provision which stated that through the 2021-2022 fiscal year districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. To assist Districts in adjusting to the SCFF the 2020-2021 Budget Act extended the hold harmless period through 2023-2024.

New Initiatives/Projects

The Adopted Budget includes six new initiatives/projects for the 2020-2021 fiscal year. These initiatives/projects include:

- Academic and Career Path: $85,000 to be funded by Award and Innovation and Guided Pathways

  Purpose/Goal of Action Plan: (1) Publish preliminary (course sequence) maps on the web for all Academic and Career Paths (programs) (2) Critically examine all Academic and Career Paths in the interest of closing equity gaps and increasing completion.

- Institutional Support/Learning Resources for Students: $30,000 (on-going) to be funded by the Unrestricted General Fund.

  Purpose/Goal of Action Plan: Using data and assessment of identified best practices, align the structure and operation of instructional supports.

- Starfish GPS Early Alert System: $17,500 to be funded by Student Equity Achievement Program and Award for Innovation.

  Purpose/Goal of Action Plan: Expand the Implementation of Starfish "GPS" Early Alert Solution Campus-wide and Launch Student Retention Predictive Analytics.

- SMC Online Education: $128,403 (on-going) to be funded by the Unrestricted General Fund.

  Purpose/Goal of Action Plan: Increase the number of online degree and certificate completions by African American and Latinx students.

- Facilities Master Plan: $700,000 to be funded by General Obligation Bond funds.

  Purpose/Goal of Action Plan: To create a practical data driven and visionary road map for the College to meet education needs and better serve the students, faculty, staff and the community.

- Technology Master Plan: $119,500 to be funded by an IEPI grant.

  Purpose/Goal of Action Plan: Complete Year One of Technology Master Plan Goals, Objectives and Recommendations.

The 2020-2021 budget also includes initiatives/projects originally budgeted in the 2019-2020 fiscal year that were not completed due to the COVID pandemic and have been carried over into the 2020-2021 fiscal year. These initiatives/projects include:

- Safe Parking Pilot Program: $50,000 in one-time funding to develop and implement a Safe Parking pilot program. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 - Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)

- Gender Equity and Social Justice Center: $75,000 in one-time funding to provide start-up funds for furniture, equipment, materials, supplies, training and temporary staffing to assist in implementing the Gender Equity and Social Justice Center. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)

- Gender Equity and Social Justice Center Renovation: $250,000 in one-time funding, from the Capital Outlay Fund, to fund one-half of the budgeted cost of the Associated Students computer lab's renovation to implement the new Gender Equity and Social Justice Center. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)

Major Assumptions

The major revenue assumptions include the calculation of apportionment under the new Student-Centered Funding Formula, net of the deficit factor, constitutes 77 percent ($136,612,903) of the District's operating revenue. The adopted budget also assumed an decrease in "State on behalf contribution to STRS" <$1,050,522>, decrease in lottery revenue of <$314,500>, decrease in part-time office hours reimbursement program <$813,281> and a decrease in non-resident tuition of <$4,234,039> as a result of a projected enrollment decline of non-resident students. The net effect of all changes in revenues has resulted in a projected decrease in total revenues of <$8,077,916> or <4.35> percent from the prior-year unaudited actuals.

The major expenditure assumptions include projected increases related to salary step and longevity for faculty and sworn police officers ($736,649), vacancy list ($762,855), current employee and retiree health and welfare benefits ($1,305,951), transfer of expenditures deemed no longer appropriate under SEAP guideline ($735,863), net of budget savings and reductions which include implementation of Supplemental Retirement Incentive Program ($5,122,268), decrease in supplies, services, capital and transfer expenditures ($4,925,213), freezing salaries and imposing furloughs ($3,435,898) and reduction of hourly instruction and non-instruction ($1,124,707). The net effect of all changes in expenditures has resulted in a projected decrease in total expenditures of approximately <9,955,208> or <5.1> percent compared with prior year unaudited actuals. The breakdown of expenditures is as follows: 90.4 percent on salaries and benefits, 8.9 percent on contracts and services, 0.6 percent on supplies, and 0.1 percent on transfers/financial aid

The net effect of the projected changes in revenue and expenditures will result in a projected structural deficit of <$17,795,982> and projected operating deficit, including one-time items of <$7,757,960>, resulting in a projected ending Unrestricted General Fund Balance of $13,282,795 including designated reserves, or 7.17 percent of total expenditures and transfers.

Closing

In light of the changes and challenges at both the local and State level, the District needs to be mindful of keeping its reserves at a level that is financially sound in 2020-2021 and for future years. In order to explore new and innovative ideas that can help to ensure a fiscally sound reserve, while maintaining the Board budgeting principles, the District is actively engaged in the budget planning through a shared governance process. This process, along with the District's enrollment management and revenue generating efforts, should allow the District to maintain a fund balance that is financially sound.

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 Christopher M. Bonvenuto, Vice President of Business and Administration via phone by calling (310) 434-4000 or by email at businessservices@smc.edu.

Assets	
Cash and cash equivalents	$ 9,008,867
Investments	323,763,111
Accounts receivable	27,559,851
Student receivables, net	770,689
Due from fiduciary funds	1,037,322
Prepaid expenses	2,555,265
Inventories	1,039,011
Capital assets	
Nondepreciable capital assets	252,631,740
Depreciable capital assets, net of depreciation	418,259,227
Total capital assets	670,890,967
Total assets	1,036,625,083
Deferred Outflows of Resources	
Deferred charges on refunding	5,584,230
Deferred outflows of resources related to other postemployment benefits (OPEB)	34,270,730
Deferred outflows of resources related to pensions	48,173,158
Total deferred outflows of resources	88,028,118
Liabilities	
Accounts payable	25,505,972
Interest payable	11,462,690
Due to fiduciary funds	1,353,338
Unearned revenue	24,771,355
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	36,312,816
Long-term liabilities other than OPEB and pensions, due in more than one year	743,270,146
Aggregate net OPEB liability	134,274,719
Aggregate net pension liability	192,476,966
Total liabilities	1,169,428,002
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	250,409
Deferred inflows of resources related to pensions	26,239,475
Total deferred inflows of resources	26,489,884
Net Position	
Net investment in capital assets	174,269,151
Restricted for:	
Debt service	105,679,888
Capital projects	16,995,466
Educational programs	5,183,540
Other activities	54,073
Unrestricted deficit	(373,446,803)
Total net position (deficit)	$ (71,264,685)

Operating Revenues	
Student tuition and fees	$ 65,208,082
Less: scholarship discount and allowance	(12,905,070)
Net tuition and fees	52,303,012
Grants and Contracts, Noncapital	
Federal	6,117,617
State	33,480,601
Local	1,633,231
Total grants and contracts, noncapital	41,231,449
Auxiliary Enterprise Sales and Charges	
Bookstore	3,818,053
Total operating revenues	97,352,514
Operating Expenses	
Salaries	141,283,793
Employee benefits	85,923,038
Supplies, materials, and other operating expenses and services	44,348,923
Student financial aid	43,872,081
Equipment, maintenance, and repairs	2,600,532
Depreciation	23,566,625
Total operating expenses	341,594,992
Operating loss	(244,242,478)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	95,602,452
Local property taxes, levied for general purposes	32,957,522
Taxes levied for other specific purposes	47,229,210
Federal financial aid grants, noncapital	35,784,554
State financial aid grants, noncapital	6,714,153
State taxes and other revenues	5,822,788
Investment income	3,903,732
Interest expense on capital related debt	(30,248,584)
Investment income on capital asset-related debt	1,993,763
Transfer to fiduciary funds	(30,000)
Other nonoperating revenue	7,177,460
Total nonoperating revenues (expenses)	206,907,050
Loss before other revenues	(37,335,428)
Other Revenues	
State revenues, capital	131,151
Local revenues, capital	4,379,190
Total other revenues	4,510,341
Change in Net Position	(32,825,087)
Net Position, Beginning of year	(38,439,598)
Net Position, End of year	$ (71,264,685)

See Notes to Financial Statements

Operating Activities	
Tuition and fees	$ 53,271,134
Federal, State, and local grants and contracts, noncapital	33,258,596
Payments to vendors for supplies and services	(48,095,468)
Payments to or on behalf of employees	(202,015,778)
Payments to students for scholarships and grants	(43,872,081)
Other operating receipts	3,818,053
Net Cash Flows from Operating Activities	(203,635,544)
Noncapital Financing Activities	
State apportionments	83,320,846
Federal and State financial aid grants	42,498,707
Property taxes - nondebt related	32,957,522
State taxes and other apportionments	5,822,788
Other nonoperating receipts	9,037,762
Net Cash Flows from Noncapital Financing Activities	173,637,625
Capital Financing Activities	
Purchase of capital assets	(33,967,148)
State revenue, capital projects	883,622
Local revenue, capital projects	4,379,190
Property taxes - related to capital debt	47,229,210
Principal paid on capital debt	(25,516,450)
Interest paid on capital debt	(28,244,935)
Interest received on capital asset-related debt	1,993,763
Net Cash Flows from Capital Financing Activities	(33,242,748)
Investing Activities	
Sale of investments	1,091,720
Interest received from investments	4,651,917
Net Cash Flows from Investing Activities	5,743,637
Change in Cash and Cash Equivalents	(57,497,030)
Cash and Cash Equivalents, Beginning	322,615,576
Cash and Cash Equivalents, Ending	$ 265,118,546

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$(244,242,478)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	23,566,625
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Accounts receivable	(5,295,588)
Student receivables, net	613,892
Prepaid expenses	(491,294)
Inventories	(270,231)
Deferred outflows of resources related to OPEB	3,498,972
Deferred outflows of resources related to pensions	8,277,118
Accounts payable	(228,099)
Unearned revenue	(2,323,035)
Compensated absences	1,835,951
Load banking	160,144
Supplemental early retirement plan	2,430,175
Aggregate net OPEB liability	8,551,194
Aggregate net pension liability	(9,380,348)
Deferred inflows of resources related to OPEB	57,870
Deferred inflows of resources related to pensions	9,603,588
Total Adjustments	40,606,934
Net Cash Flows From Operating Activities	$(203,635,544)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 9,008,867
Cash in county treasury	256,109,679
Total Cash and Cash Equivalents	$ 265,118,546
Noncash Transactions	
Amortization of deferred charges on refunding	$ 619,191
Amortization of debt premium	$ 3,299,524
Accretion of interest on capital appreciation bonds	$ 5,872,815

	Retiree OPEB Trust	Other Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	$ -	$ 3,649,900	$ 12,994,539
Investments	7,775,299	15,000	-
Accounts receivable	-	-	206,534
Due from primary government	-	263,833	1,089,505
Prepaid expenses	-	-	19,335
Total assets	7,775,299	3,928,733	$ 14,309,913
Liabilities			
Accounts payable	-	18,054	$ 435,758
Due to primary government	-	785,210	252,112
Unearned revenue	-	-	10,665
Due to student groups	-	-	13,611,378
Total liabilities	-	803,264	$ 14,309,913
Net Position			
Restricted for postemployment benefits other than pensions	7,775,299	-	
Unrestricted	-	3,125,469	
Total net position	$ 7,775,299	$ 3,125,469	

	Retiree OPEB Trust	Other Trust Funds
Additions		
Investment income	$ 268,542	$ -
District contributions	4,712,032	-
State revenues	-	-
Local revenues	-	1,251,401
Transfer from primary government	-	30,000
Total additions	4,980,574	1,281,401
Deductions		
Employee benefits	4,712,032	-
Books and supplies	-	101,157
Services and operating expenditures	-	954,451
Administrative expenses	6,466	-
Capital outlay	-	390
Other uses - student aid	-	179,998
Total deductions	4,718,498	1,235,996
Change in Net Position	262,076	45,405
Net Position - Beginning	7,513,223	3,080,064
Net Position - Ending	$ 7,775,299	$ 3,125,469

Note 1 - Organization

Santa Monica Community College District (the District) was established in 1929 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 one college and several locations within Los Angeles County. 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 has adopted accounting policies to determine whether certain organizations, for which the District is financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the GASB, the financial reporting entity consists of the primary government, the District, and the following component unit:

> The Los Angeles County Schools Regionalized Business Services Corporation (the Corporation) - The financial activity specific to the Corporation has been blended in these financial statements. Certificates of Participation issued by the Corporation are included in the Statement of Net Position. Individually prepared financial statements are prepared for the Corporation on a comprehensive basis. As of June 30, 2020, the Corporation held liabilities associated with the Certificates of Participation. See Note 10 for further detail.

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

> Santa Monica College Foundation - The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized for educational purposes. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

> KCRW Foundation - The Foundation is a separate not-for-profit corporation which has an affiliation in the District's KCRW-FM radio station. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

Madison Project Foundation - The Foundation is a separate not-for-profit corporation incorporated for the purpose of programming, presenting, and producing for the general public performances and productions for Madison Theatre. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and financial related activities.

Separate financial statements for the three foundations can be obtained through the District.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting, Measurement Focus, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. 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. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an liability 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. For the District, operating revenues consist primarily of student fees, grants and contracts, and auxiliary activities through the bookstore.

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

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

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

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

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 county treasury balances for purposes of the Statement of Cash Flows.

Investments

Investments with original maturities greater than one year 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 are stated at cost or amortized cost.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $364,374 for the year ended June 30, 2020.

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.

Inventories

Inventories consist primarily of bookstore merchandise. Inventories are stated at cost, utilizing the weighted average method lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 or more and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. 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 and recorded utilizing the straight-line method with half-year conventions. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 10 years; vehicles, 8 years; and technology 5 years.

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for these benefits 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 .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.

Deferred Outflows/Inflows of Resources

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

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.

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 / 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 fiduciary net position have been determined on the same basis as they are reported by the District Plan and MPP. For this purpose, the District Plan and 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 aggregate net OPEB liability is funded through payments for benefits and is reported within the fund the employees' salaries are charged.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, certificates of participation, compensated absences, load banking, supplemental early retirement plan, capital leases, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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 $127,912,967 of restricted net position.

Operating Revenues and Expenses

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

> *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
>
> *Nonoperating revenues* - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2002, 2004, 2008, and 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented this standard as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit

Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

Note 3 - Deposits and Investments

Policies and Practices

The District is authorized under California *Government Code t*o 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 of as of June 30, 2020, consist of the following:

Primary government	$ 332,771,978
Fiduciary funds	24,434,738
Total Deposits and Investments	$ 357,206,716

Cash on hand and in banks	$ 23,170,276
Cash in revolving	25,000
Cash with fiscal agent	2,458,030
Investments	331,553,410
Total Deposits and Investments	$ 357,206,716

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 Los Angeles County Investment Pool, U.S. Treasury notes, and mutual funds evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investment Type	Reported Amount	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 256,124,679	590
U.S. Treasury Notes	67,653,432	31
Mutual Funds	7,775,299	No maturity
Total	$ 331,553,410	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool and Mutual funds are not required to be rated, nor have they been rated as of June 30, 2020. The U.S. Treasury Notes reflected an Aaa rating by Moody's Rating Service as of June 30, 2020.

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 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of approximately $26.2 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, 2020, the District's investment balance of approximately $75.4 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, 2020:

Investment Type	Reported Amount	Level 1 Inputs	Level 2 Inputs
U.S. Treasury Notes	$ 67,653,432	$ 67,653,432	
Mutual Funds	7,775,299	-	7,775,299
Total	$ 75,428,731	$ 67,653,432	$ 7,775,299

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

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 2,388,317	$ -
State Government		
Apportionment	15,644,835	-
Categorical aid	5,782,644	-
Lottery	1,146,935	-
Other State sources	113,688	-
Local Sources		
Interest	642,070	-
KCRW	321,496	-
Performing Arts Center	284,468	-
Other local sources	1,235,398	206,534
Total	$ 27,559,851	$ 206,534
Student receivables	$ 1,135,063	
Less allowance for bad debt	(364,374)	
Student receivables, net	$ 770,689	

Note 6 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 71,217,761	$ -	$ -	$ 71,217,761
Construction in progress	150,763,437	32,549,280	(1,898,738)	181,413,979
Total Capital Assets Not Being Depreciated	221,981,198	32,549,280	(1,898,738)	252,631,740
Capital Assets Being Depreciated				
Buildings and improvements	569,088,643	1,361,868	-	570,450,511
Furniture and equipment	31,162,026	615,029	(37,614)	31,739,441
Total Capital Assets Being Depreciated	600,250,669	1,976,897	(37,614)	602,189,952
Total Capital Assets	822,231,867	34,526,177	(1,936,352)	854,821,692
Less Accumulated Depreciation				
Buildings and improvements	(137,091,179)	(21,876,611)	-	(158,967,790)
Furniture and equipment	(23,306,969)	(1,690,014)	34,048	(24,962,935)
Total Accumulated Depreciation	(160,398,148)	(23,566,625)	34,048	(183,930,725)
Net Capital Assets	$ 661,833,719	$ 10,959,552	$ (1,902,304)	$ 670,890,967

Depreciation expense for the year was $23,566,625.

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 13,060,499	$ -
Construction	9,739,873	-
Other vendor payables	2,705,600	453,812
Total	$ 25,505,972	$ 453,812

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
State categorical aid	$ 11,570,971	$ -
State apportionment	4,906,088	-
Other State revenues	2,531	-
Student fees	8,188,698	-
Other local	103,067	10,665
Total	$ 24,771,355	$ 10,665

Note 9 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the primary government owed the fiduciary funds $1,353,338 and the fiduciary funds owed the primary government $1,037,322.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the year ended June 30, 2020, the amount transferred to the fiduciary funds from the primary government amounted to $30,000.

Note 10 - 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 consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
General Obligation Bonds (Bonds) and Certificates of Participation (COPs)					
General obligation bonds	$ 728,152,887	$ 5,872,815	$ (23,460,000)	$ 710,565,702	$ 32,080,000
Premium on bonds	42,058,741	-	(3,202,440)	38,856,301	-
Certificates of participation	10,065,000	-	(1,735,000)	8,330,000	1,815,000
Premium on COPs	388,337	-	(97,084)	291,253	-
Total Bonds and COPs	780,664,965	5,872,815	(28,494,524)	758,043,256	33,895,000
Other Long-Term Liabilities					
Compensated absences	6,138,712	1,835,951	-	7,974,663	-
Load banking	2,967,564	160,144	-	3,127,708	-
Supplemental early retirement plan	3,943,395	3,744,640	(1,314,465)	6,373,570	2,063,393
Capital leases	4,385,215	-	(321,450)	4,063,765	354,423
Total Other Long-Term Liabilities	17,434,886	5,740,735	(1,635,915)	21,539,706	2,417,816
Total Long-Term Liabilities	$ 798,099,851	$ 11,613,550	$ (30,130,439)	$ 779,582,962	$ 36,312,816

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund. Payments on the certificates of participation are made from parking revenues in the restricted general fund, and from non-resident capital surcharge and other sources within the capital outlay fund. Compensated absences and the supplemental early retirement plan will be paid from the fund for which the employee worked. Load banking is the responsibility of the General Fund in the year the employee utilizes the banked leave time. Capital lease payments will be made from the capital outlay fund.

Remaining Outstanding Bonded Debt

Measure U

On March 5, 2002, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $160,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series B 2004 bonds were issued on May 13, 2004 for $21,675,000 of current interest bonds and $324,971 of capital appreciation bonds. Interest rates range from 3.00 percent to 5.00 percent payable semiannually on May 1 and November 1. The bonds were issued with maturity dates from May 1, 2006 through May 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2020 was $2,677,370.

Series A 2007 bonds were issued on January 31, 2007 for $11,999,987 of capital appreciation bonds. Interest rates range from 4.20 percent to 4.74 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2031. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2020 was $12,208,800.

Series E 2010 bonds were issued on January 26, 2010 for $10,998,993 of capital appreciation bonds. Interest rates range from 3.92 percent to 5.70 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2016 through August 1, 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2020 was $13,116,822.

Refunding Series A 2013 bonds were issued on June 5, 2013 for $108,405,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. Interest rates range from 2.00 percent to 5.00 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2013 through August 1, 2030. The principal balance outstanding at June 30, 2020 was $87,045,000.

Measure S

On November 2, 2004, at an election held within the boundaries of the District, the voters' authorized bonds to be sold in the amount of $135,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series C 2009 bonds were issued on March 24, 2009 for $30,885,000 of current interest bonds and $26,112,857 capital appreciation bonds. Interest rate ranges from 4.50 percent to 6.60 percent payable semiannually on August 1 and February 1. The Bonds were issued with maturity dates from August 1, 2012 through August 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2020 was $50,964,688.

Refunding Series B 2013 bonds were issued on June 5, 2013 for $23,450,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. Interest rates range from 0.486 percent to 2.205 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2014 through August 1, 2019. The Refunding Series B 2013 Bonds were paid in full as of June 30, 2020.

Series D 2017 were issued on March 30, 2017 for $9,600,000 of current interest bonds with an interest rate of 4.00 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2020 through August 1, 2021. The principal balance outstanding at June 30, 2020 was $9,600,000.

Series D-1 2017 were issued on March 30, 2017 for $10,400,000 of federally taxable current interest bonds. Interest rates range from 1.382 percent to 1.960 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2018 through August 1, 2020. The principal balance outstanding at June 30, 2020 was $1,790,000.

Measure AA

On November 4, 2008, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $295,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series A and A-1 2010 bonds were issued on January 26, 2010 in the amount of $100,000,000. These bonds consisted of $33,135,000 tax-exempt Series A bonds and $66,865,000 in federally taxable Build America Bonds Series A-1. Interest rates for Series A is 5.00 percent and for Series A-1 range from 5.728 percent to 5.878 percent payable semiannually on February 1 and August 1. The Series A Bonds were issued with maturity dates from August 1, 2011 through August 1, 2020 and the Series A-1 Bond mature from August 1, 2024 through August 1, 2034. The Build America Bonds program was created by the American Recovery and Reinvestment Act to assist State and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs. The principal balance outstanding for Series A and Series A-1 at June 30, 2020 was $2,675,000 and $66,865,000, respectively.

The District elected to treat the Series A-1 bonds as "Build America Bonds" under Section 54AA of the Tax Code, and the Series A-1 Bonds are "qualified bonds" under Section 54AA(g)(2) of the Tax Code which makes the District eligible for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series A-1 Bonds. The District will deposit the cash subsidy payments with the County to be credited to the Debt Service Fund for the Series A-1 Bonds. Cash subsidy payments are expected to be received contemporaneously with each interest payment date.

Series B 2014 bonds were issued on October 30, 2014 for $121,100,000 of current interest bonds and $23,895,829 capital appreciation bonds. Interest rates range from 1.00 percent to 5.00 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2044. The principal balance outstanding at June 30, 2020 was $142,333,022.

Series C 2017 bonds were issued on March 30, 2017 for $45,000,000 of current interest bonds. Interest rates range from 3.65 percent to 5.00 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2026 through August 1, 2037. The principal balance outstanding at June 30, 2020 was $45,000,000.

Series C-1 2017 bonds were issued on March 30, 2017 for $5,000,000 of federally taxable current interest bonds. Interest rates range from 1.382 percent to 3.212 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2018 through August 1, 2026. The principal balance outstanding at June 30, 2020 was $2,145,000.

Refunding Series A 2017 bonds were issued on March 30, 2017 for $25,395,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. The interest rates range from 2.00 percent to 5.00 percent payable semiannually on August 1 and

February 1. The bonds were issued with maturity dates from August 1, 2017 through August 1, 2023. The principal balance outstanding at June 30, 2020 was $24,785,000.

Series A 2018 Crossover Refunding bonds were issued on April 18, 2018 for $69,360,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding Series A-1 general obligation bonds on the crossover date of August 1, 2020. Interest rates range from 2.716 percent to 3.942 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2034. The principal balance outstanding at June 30, 2020 was $69,360,000.

Measure V

On November 4, 2016, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $345,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing, and equipping of District facilities.

Series A 2018 bonds were issued on April 18, 2018 for $180,000,000 of current interest bonds. Interest rates range from 3.65 percent to 5.00 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2020 through August 1, 2047. The principal balance outstanding at June 30, 2020 was $180,000,000.

Debt Maturity

General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued/ Accretion	Redeemed	Bonds Outstanding June 30, 2020
2004, B	5/13/2004	5/1/2029	3.00%-5.00%	$ 21,999,971	$ 2,524,912	$ 152,458	$ -	$ 2,677,370
2007, A	1/31/2007	8/1/2031	4.20%-4.74%	11,999,987	12,972,471	621,329	(1,385,000)	12,208,800
2010, E	1/26/2010	8/1/2026	3.92%-5.70%	10,998,993	13,858,482	718,340	(1,460,000)	13,116,822
Subtotal 2002 Measure U Election				44,998,951	29,355,865	1,492,127	(2,845,000)	28,002,992
2009, C	3/24/2009	8/1/2029	4.50%-6.60%	56,997,857	52,353,322	3,056,366	(4,445,000)	50,964,688
2017, D	3/30/2017	8/1/2021	4.00%	9,600,000	9,600,000	-	-	9,600,000
2017, D-1	3/30/2017	8/1/2020	1.38-1.96%	10,400,000	7,275,000	-	(5,485,000)	1,790,000
Subtotal 2004 Measure S Election				76,997,857	69,228,322	3,056,366	(9,930,000)	62,354,688
2010, A	1/26/2010	8/1/2020	5.00%	33,135,000	5,155,000	-	(2,480,000)	2,675,000
2010, A-1	1/26/2010	8/1/2034	5.73%-5.88%	66,865,000	66,865,000	-	-	66,865,000
2014, B	10/30/2014	8/1/2044	1.00%-5.00%	144,995,829	141,008,700	1,324,322	-	142,333,022
2017, C	3/30/2017	8/1/2037	3.65-5.00%	45,000,000	45,000,000	-	-	45,000,000
2017, C-1	3/30/2017	8/1/2026	1.38-3.21%	5,000,000	4,005,000	-	(1,860,000)	2,145,000
Subtotal 2008 Measure AA Election				294,995,829	262,033,700	1,324,322	(4,340,000)	259,018,022
2018, A	4/18/2018	8/1/2047	3.65-5.00%	180,000,000	180,000,000	-	-	180,000,000
Subtotal 2016 Measure V Election				180,000,000	180,000,000	-	-	180,000,000
2013, A	6/5/2013	8/1/2030	2.00%-5.00%	108,405,000	91,640,000	-	(4,595,000)	87,045,000
2013, B	6/5/2013	8/1/2019	0.49%-2.21%	23,450,000	1,600,000	-	(1,600,000)	-
2017, A	3/30/2017	8/1/2023	2.00-5.00%	25,395,000	24,935,000	-	(150,000)	24,785,000
2018, A*	4/18/2018	8/1/2034	2.72-3.94%	69,360,000	69,360,000	-	-	69,360,000
Subtotal Refundings				226,610,000	187,535,000	-	(6,345,000)	181,190,000
Subtotal General Obligation Bonds					728,152,887	5,872,815	(23,460,000)	710,565,702
Premium on Bonds					42,058,741	-	(3,202,440)	38,856,301
					$ 770,211,628	$ 5,872,815	$ (26,662,440)	$ 749,422,003

* Crossover refunding bonds

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal (including accreted interest to date)	Unmatured Accreted Interest	Current Interest to Maturity	Total
2021	$ 31,979,483	$ 100,517	$ 26,717,783	$ 58,797,783
2022	27,824,199	255,801	25,623,282	53,703,282
2023	26,143,969	431,031	24,575,161	51,150,161
2024	23,378,726	2,311,274	23,709,445	49,399,445
2025	25,334,149	3,180,851	23,077,244	51,592,244
2026-2030	170,028,966	28,746,034	100,648,093	299,423,093
2031-2035	142,580,106	5,914,894	69,022,654	217,517,654
2036-2040	101,481,104	26,378,896	41,452,849	169,312,849
2041-2045	117,335,000	-	22,461,100	139,796,100
2046-2048	44,480,000	-	2,626,950	47,106,950
Total	$ 710,565,702	$ 67,319,298	$ 359,914,561	$ 1,137,799,561

Certificates of Participation

The agreement dated March 11, 2010, is between the Santa Monica Community College District as the "lessee" and the Los Angeles County Schools Regionalized Business Services Corporation as the "lessor" or "corporation". The Corporation is a legally separate entity which was formed to assist in the advance refunding the 1999 Certificates of Participation for the acquisition of the Center for Media Design Campus.

The Corporation's funds for the advance refunding were generated by the issuance of $13,945,000 of Certificates of Participation (COPs). COPs are long-term debt instruments which are tax exempt and therefore issued at interest rates below current market levels for taxable investments which range from 3.0 percent to 5.0 percent for the length of the issuance.

Lease payments are required to be made by the District under the lease agreement on June 1, and December 1 for use and possession of the capital improvements for the period commencing June 1, 2011 and terminating June 1, 2023. Lease payments will be funded in part from the proceeds of the Certificates.

The lease requires that lease payments be deposited in the lease payment fund maintained by the trustee. Any amount held in the lease payment fund will be credited towards the lease payment due and payable. The trustee will pay from the lease payment fund the required principal and interest payments with respect to Santa Monica Community College District.

The agreement dated December 1, 2013, is between the Santa Monica Community College District as the "lessee" and the Los Angeles County Schools Regionalized Business Services Corporation as the "lessor" or "corporation". The Corporation is a legally separate entity which was formed to assist in the advance refunding the 2004 Certificate of Participation for the acquisition of parking structures.

The Corporation's funds for the advance refunding were generated by the issuance of $7,410,000 of Certificates of Participation (COPs). COPs are long-term debt instruments which are tax exempt and therefore issued at interest rate below current market levels for taxable investments and rate of 3.6 percent for the length of the issuance.

Lease Payments – Lease payments are required to be made by the District under the lease agreement on February 1, and August 1 for use and possession of the capital improvements for the period commencing February 1, 2014 and terminating February 1, 2027. Lease payments will be funded in part from the proceeds of the Certificates.

The lease requires that lease payments be deposited in the lease payment fund maintained by the trustee. Any amount held in the lease payment fund will be credited towards the lease payment due and payable. The trustee will pay from the lease payment fund the required principal and interest payments with respect to Santa Monica Community College District.

The annual requirement to amortize Certificates of Participation, outstanding as of June 30, 2020 are as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 1,815,000	$ 350,720	$ 2,165,720
2022	1,895,000	267,490	2,162,490
2023	1,990,000	180,450	2,170,450
2024	615,000	89,190	704,190
2025	635,000	66,780	701,780
2026-2027	1,380,000	63,180	1,443,180
Total	$ 8,330,000	$ 1,017,810	$ 9,347,810

Compensated Absences

At June 30, 2020, the liability for compensated absences was $7,974,663.

Load Banking

At June 30, 2020, the liability for load banking was $3,127,708.

Supplemental Early Retirement Plan

On November 7, 2017, the District adopted a one-time SERP for the following employees: full-time faculty, academic administrators, classified administrators, classified managers, classified confidential employees, and California School Employees Association (CSEA) classified employees. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, been eligible to retire from CalSTRS or CalPERS on or before January 1, 2018, and been resigned from District employment by December 31, 2017. In exchange for early retirement, the District contributed 75 percent of the 2017-2018 annual salary, which may include career increment/longevity, differentials, and other stipends. The District had 78 employees that enrolled in the SERP. The remaining obligation as of June 30, 2020 was $2,628,930.

On June 2, 2020, the District adopted a one-time SERP for the following employees: full-time and part-time faculty. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by June 30, 2020. In exchange for early retirement, the District contributed 75 percent of the 2019-20 annual salary for full-time faculty, or 75 percent of calendar year 2019 District earnings for part-time faculty. The District had 64 employees that enrolled in the SERP. The remaining obligation as of June 30, 2020 is $3,744,640.

Year Ending June 30,	SERP Payment
2021	$ 2,063,393
2022	2,063,393
2023	748,928
2024	748,928
2025	748,928
Total	$ 6,373,570

Capital Leases

The District entered into a lease with Municipal Financial Corporation for the acquisition of certain capital improvements, including a Photovoltaic Power System, valued at approximately $7 million under an agreement which provides for title to pass upon expiration of the lease period. In May 2016, the District refinanced the original lease with the Municipal Financial Corporation for the acquisition of and installation of energy conservation and alternative energy measures. The District's liability on lease agreements with options to purchase is summarized below:

	Lease Payment
Balance, July 1, 2019	$ 5,072,967
Payments	(448,658)
Balance, June 30, 2020	$ 4,624,309

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2021	$ 471,538
2022	495,520
2023	520,656
2024	547,000
2025	574,615
2026-2029	2,014,980
Total	4,624,309
Less: Amount Representing Interest	(560,544)
Present Value of Minimum Lease Payments	$ 4,063,765

Current year principal payments for capital leases are $321,450. The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 133,512,672	$ 34,270,730	$ 250,409	$ 12,177,068
Medicare Premium Payment (MPP) Program	762,047	-	-	(69,032)
Total	$ 134,274,719	$ 34,270,730	$ 250,409	$ 12,108,036

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust Fund.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefit payments	565
Active Plan members	876
	1,441

Retiree Health Benefit OPEB Trust

The Santa Monica Community College District's Retiree Health Benefit OPEB 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 District's Governing Board 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.

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Faculty Association (FA), the local California Service Employees Association (CSEA), the Police Officers' Association (POA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2019, the District contributed $4,570,707 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, 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, 2019:

Asset Class	Target
Global equity	59%
Global debt	25%
Inflation assets	5%
Real estate	8%
Commodities	3%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 5.78 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $133,512,672 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 141,025,895
Plan fiduciary net position	7,513,223
District's net OPEB liability	$ 133,512,672
Plan fiduciary net position as a percentage of the total OPEB liability	5%

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate	4.30 percent
Healthcare cost	4.00 percent

The discount rate was based on the long-term expected return on plan assets assuming 100 percent funding through the Trust, using the building block method.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2019.

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, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global equity	7.795%
Global debt	4.500 - 5.295%
Inflation assets	7.795%
Real estate	7.795%
Commodities	7.795%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.30 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 131,971,638	$ 7,079,192	$ 124,892,446
Service cost	6,105,492	-	6,105,492
Interest	5,714,585	-	5,714,585
Expected investment income	-	307,557	(307,557)
Difference between projected and actual earnings on OPEB plan investments	-	132,507	(132,507)
Differences between expected and actual experience	1,804,887	-	1,804,887
Contributions - employer	-	4,570,707	(4,570,707)
Benefit payments	(4,570,707)	(4,570,707)	-
Administrative expense	-	(6,033)	6,033
Net change in total OPEB liability	9,054,257	434,031	8,620,226
Balance at June 30, 2019	$ 141,025,895	$ 7,513,223	$ 133,512,672

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (3.30%)	$ 154,350,517
Current discount rate (4.30%)	133,512,672
1% increase (5.30%)	116,533,462

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 116,951,733
Current healthcare cost trend rate (4.00%)	133,512,672
1% increase (5.00%)	152,886,071

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

At June 30, 2020, 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	$ 4,712,032	$ -
Differences between expected and actual experience	1,547,046	-
Changes of assumptions	28,011,652	-
Net difference between projected and actual earnings on OPEB plan investments	-	250,409
Total	$ 34,270,730	$ 250,409

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

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

Year Ended June 30,	Deferred Inflows of Resources
2021	$ (74,637)
2022	(74,637)
2023	(74,637)
2024	(26,498)
	$ (250,409)

Amounts reported as deferred outflows of resources related to differences between expected and actual experience 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 7.4 years and amounts will be recognized as OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2021	$ 5,445,184
2022	5,445,184
2023	5,445,184
2024	5,445,184
2025	5,445,184
Thereafter	2,332,778
	$ 29,558,698

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, 2018 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 contributions. 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, 2020, the District reported a liability of $762,047 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period of June 30, 2019 and June 30, 2018 was 0.2046 percent and 0.2171 percent, respectively, resulting in a decrease in proportionate share of 0.0125 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(69,032).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 (2.50%)	$ 831,568
Current discount rate (3.50%)	762,047
1% increase (4.50%)	698,126

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 the Medicare costs trend rates that is one percent lower or higher than the current rate:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 714,266
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	762,047
1% increase (4.7% Part A and 5.1% Part B)	857,488

Note 12 - Participation in Public Entity Risk Pools and Joint Powers Authorities

JOINT POWERS AGREEMENT

The Santa Monica Community College District participates in three joint powers agreement (JPA) entities; the Alliance of Schools for Cooperative Insurance Programs (ASCIP); the Southern California Community College District Joint Powers Agency (SCCCD-JPA); and the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes, as explained below.

ASCIP provides its members with high quality, high value employee benefit programs and related services. Payments transferred to funds maintained under the JPA are expensed when earned. Claim liabilities of the JPA are recomputed periodically by an actuary to produce current estimates that reflect trend and claim lag time.

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

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

Separate financial statements for each JPA may be obtained from the respective entity.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of the 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	$ 104,474,234	$ 28,206,588	$ 21,532,364	$ 10,622,857
CalPERS - Schools Pool Plan	83,586,461	18,721,655	4,605,584	13,160,798
CalPERS - Safety Pool Plan	4,416,271	1,244,915	101,527	365,715
Total	$ 192,476,966	$ 48,173,158	$ 26,239,475	$ 24,149,370

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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31,	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	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $11,512,186.

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

At June 30, 2020, 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	$ 104,474,234
State's proportionate share of net pension liability	56,997,669
Total	$ 161,471,903

The net pension liability was measured as of June 30, 2019. 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 and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1157 percent and 0.1270 percent, respectively, resulting in a net decrease in the proportionate share of 0.0113 percent.

For the year ended June 30, 2020, the District recognized pension expense of $10,622,857. In addition, the District recognized pension expense and revenue of $8,488,182 for support provided by the State. At June 30, 2020, 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	$ 11,512,186	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,216,953	14,564,021
Differences between projected and actual earnings on pension plan investments	-	4,024,380
Differences between expected and actual experience in the measurement of the total pension liability	263,742	2,943,963
Changes of assumptions	13,213,707	-
Total	$ 28,206,588	$ 21,532,364

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
2021	$ (405,929)
2022	(3,194,884)
2023	(663,307)
2024	239,740
Total	$ (4,024,380)

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
2021	$ 584,155
2022	584,155
2023	(385,365)
2024	1,439,522
2025	(1,441,711)
Thereafter	(1,594,338)
Total	$ (813,582)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.40%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 155,570,783
Current discount rate (7.10%)	104,474,234
1% increase (8.10%)	62,105,465

California Public Employees' Retirement System (CalPERS) - Schools Pool Plan

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: http://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death

Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS - Schools Pool Plan	
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%	7.00%
Required employer contribution rate	19.721%	19.721%

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 determined 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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $8,447,393.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $83,586,461. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.2868 percent and 0.3041 percent, respectively, resulting in a net decrease in the proportionate share of 0.0173 percent.

For the year ended June 30, 2020, the District recognized pension expense of $13,160,798. At June 30, 2020, 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	$ 8,447,393	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	223,554	3,830,304
Differences between projected and actual earnings on pension plan investments	-	775,280
Differences between expected and actual experience in the measurement of the total pension liability	6,071,733	-
Changes of assumptions	3,978,975	-
Total	$ 18,721,655	$ 4,605,584

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
2021	$ 765,287
2022	(1,528,637)
2023	(231,647)
2024	219,717
Total	$ (775,280)

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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 5,162,871
2022	1,224,390
2023	51,542
2024	5,155
Total	$ 6,443,958

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 120,484,387
Current discount rate (7.15%)	83,586,461
1% increase (8.15%)	52,977,082

California Public Employees' Retirement System (CalPERS) – Safety Pool Plan

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The District sponsors one Safety Pool Plan (the Plan) for employees of the District Police Department. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The Special Death Benefit is provided to an employee's eligible survivors if the member dies while actively employed and the death is job-related. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS - Safety Plan	
Hire date	On or before December 31,	On or after January 1, 2013
Benefit formula	3.0% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	2.4% - 3.0%	2.4% - 3.0%
Required employee contribution rate	9.000%	12.750%
Required employer contribution rate	20.603%	13.786%
Required unfunded liability payment to CalPERS	$250,823	$1,530

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 determined annually 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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $562,493.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the Safety Risk Pool net pension liability totaling $4,416,271. The net pension liability was measured as of June 30, 2019. 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 employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0707 percent and 0.0685 percent, respectively, resulting in a net increase in the proportionate share of 0.0022 percent.

For the year ended June 30, 2020, the District recognized pension expense of $365,715. At June 30, 2020, 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	$ 562,493	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	213,064	5,449
Differences between projected and actual earnings on pension plan investments	-	60,753
Differences between expected and actual experience in the measurement of the total pension liability	288,343	-
Changes of assumptions	181,015	35,325
	$ 1,244,915	$ 101,527

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
2021	$ 42,118
2022	(97,761)
2023	(16,930)
2024	11,820
Total	$ (60,753)

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, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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
2021	$ 380,014
2022	169,242
2023	92,392
Total	$ 641,648

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan'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 (6.15%)	$ 6,689,024
Current discount rate (7.15%)	4,416,271
1% increase (8.15%)	2,552,970

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 for the fiscal year ended June 30, 2020, which amounted to $5,953,588 (10.328 percent) of salaries subject to CalSTRS. 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. No contributions were made for CalPERS for the year ended June 30, 2020. 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Note 14 - 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, 2020.

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, 2020.

Operating Leases

The District has entered into an operating lease for land, building, and equipment with lease terms in excess of one year for the Madison Campus and the 14th Street warehouse project. These agreements do not contain a purchase option. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2021	$ 2,009,005
2022	1,971,405
2023	1,818,804
2024	1,167,456
2025	927,451
2026-2030	4,569,980
2031-2035	4,569,980
2036-2040	4,569,980
2041-2045	4,569,980
2046-2050	4,569,980
20251-2055	4,569,980
2056-2058	2,741,988
Total	$ 38,055,989

Current year expenditures for operating leases is approximately $2.0 million. The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Construction Commitments

The District had several commitments with respect to the unfinished capital projects. These projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office. As of June 30, 2020, the total amount committed was as follows:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Student Services Building	$ 1,376,000	June 2021
Malibu Campus	31,896,753	August 2022
ECLS (Child Care)	3,700,999	October 2020
Air Conditioning	8,446,000	February 2021
Master Planning	129,896	December 2021
Classroom Relocation	288,778	October 2020
	$ 45,838,426	

Note 15 - Subsequent Events

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On September 1, 2020, the District adopted a one-time SERP for the following employees: permanent classified employees (including confidential classified employees), classified manager and administrators, and academic administrators with the exception of senior administrative staff. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by September 30, 2020. In exchange for early retirement, the District will contribute 75 percent of calendar year 2019 District earnings. The District had 33 employees that enrolled in the SERP. The obligation is expected to be $2,634,049 with payment beginning in October 2020.

On December 22, 2020, the District issued the 2020 General Obligation Refunding bonds (Election of 2002 and 2008) for $201,495,000 of current interest bonds. The bonds were issued to effect an advance refunding of portions of the District's outstanding 2013 Series A and 2014 Series B general obligation bonds. The interest rates range from 0.18 percent to 2.80 percent payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2044.

Required Supplementary Information
June 30, 2020

Santa Monica Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 6,105,492	$ 3,195,698	$ 2,729,563
Interest	5,714,585	3,877,120	5,953,537
Differences between expected and actual experience	1,804,887	-	-
Changes of assumptions or other inputs	-	38,386,338	-
Benefit payments	(4,570,707)	(4,110,488)	(3,573,461)
Net change in total OPEB liability	9,054,257	41,348,668	5,109,639
Total OPEB Liability - beginning	131,971,638	90,622,970	85,513,331
Total OPEB Liability - ending (a)	$ 141,025,895	$ 131,971,638	$ 90,622,970
Plan fiduciary net position			
Contributions - employer	$ 4,570,707	$ 4,110,488	$ 3,573,461
Expected investment income	307,557	283,932	629,498
Difference between projected and actual earnings on OPEB plan investments	132,507	240,674	-
Benefit payments	(4,570,707)	(4,110,488)	(3,573,461)
Administrative expense	(6,033)	(5,909)	(5,279)
Net change in plan fiduciary net position	434,031	518,697	624,219
Plan fiduciary net position - beginning	7,079,192	6,560,495	5,936,276
Plan fiduciary net position - ending (b)	$ 7,513,223	$ 7,079,192	$ 6,560,495
District's net OPEB liability - ending (a) - (b)	$ 133,512,672	$ 124,892,446	$ 84,062,475
Plan fiduciary net position as a percentage of the total OPEB liability	5.33%	5.36%	7.24%
Covered-employee payroll	$ 95,906,429	$ 89,704,765	$ 88,956,668
District's net OPEB liability as a percentage of covered-employee payroll	139.21%	139.23%	94.50%
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.

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.78%	7.91%	9.99%

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

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.2046%	0.2171%	0.1025%
District's proportionate share of the net OPEB liability	$ 762,047	$ 831,079	$ 431,393
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's 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	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.1157%	0.1270%	0.1256%	0.1300%	0.1454%	0.1260%
District's proportionate share of the net pension liability	$ 104,474,234	$ 116,762,335	$ 116,112,075	$ 105,165,413	$ 97,899,000	$ 78,305,580
State's proportionate share of the net pension liability associated with the District	56,997,669	66,851,898	68,690,922	59,868,794	51,777,779	44,461,794
Total	$ 161,471,903	$ 183,614,233	$ 184,802,997	$ 165,034,207	$ 149,676,779	$ 122,767,374
District's covered payroll	$ 64,156,210	$ 65,674,109	$ 63,740,755	$ 66,704,529	$ 61,600,000	$ 58,100,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	162.84%	177.79%	182.16%	157.66%	158.93%	134.78%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Schools Pool Plan						
District's proportion of the net pension liability	0.2868%	0.3041%	0.3142%	0.3087%	0.3072%	0.3302%
District's proportionate share of the net pension liability	$ 83,586,461	$ 81,077,355	$ 74,998,103	$ 60,962,426	$ 45,285,610	$ 37,485,740
District's covered payroll	39,761,328	40,775,604	39,418,152	36,460,615	33,980,010	35,000,000
District's proportionate share of the net pension liability percentage of its covered payroll	210.22%	198.84%	190.26%	167.20%	133.27%	107.10%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2019	2019	2018	2017	2016	2015
CalPERS - Safety Pool Plan						
District's proportion of the net pension liability	0.0707%	0.0685%	0.0663%	0.0652%	0.0602%	0.0394%
District's proportionate share of the net pension liability	$ 4,416,271	$ 4,017,624	$ 3,961,254	$ 3,375,206	$ 2,480,980	$ 2,448,810
District's covered payroll	1,666,887	1,583,133	1,619,385	1,393,007	1,338,476	1,109,427
District's proportionate share of the net pension liability as a percentage of its covered payroll	264.94%	253.78%	244.61%	242.30%	185.36%	220.73%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	72%	70%	77%	81%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 11,512,186	$ 10,444,631	$ 9,476,774	$ 8,018,587	$ 7,157,396	$ 5,472,236
Contributions in relation to the contractually required contribution	11,512,186	10,444,631	9,476,774	8,018,587	7,157,396	5,472,236
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 67,322,725	$ 64,156,210	$ 65,674,109	$ 63,740,755	$ 66,704,529	$ 61,600,000
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Pool Plan						
Contractually required contribution	$ 8,447,393	$ 7,181,691	$ 6,332,859	$ 5,474,393	$ 4,319,489	$ 3,999,787
Contributions in relation to the contractually required contribution	8,447,393	7,181,691	6,332,859	5,474,393	4,319,489	3,999,787
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 42,834,506	$ 39,761,328	$ 40,775,604	$ 39,418,152	$ 36,460,615	$ 33,980,010
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%
CalPERS - Safety Pool Plan						
Contractually required contribution	$ 562,493	$ 467,958	$ 407,109	$ 387,467	$ 331,257	$ 301,157
Contributions in relation to the contractually required contribution	562,493	467,958	407,109	387,467	331,257	301,157
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,845,603	$ 1,666,887	$ 1,583,133	$ 1,619,385	$ 1,393,007	$ 1,338,476
Contributions as a percentage of covered payroll	30.48%	28.07%	25.72%	23.93%	23.78%	22.50%

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

Note 1 - Purpose of Schedules

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

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

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

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

Schedule of OPEB Investment Returns

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

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

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent 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. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for CalSTRS, CalPERS Schools Pool Plan, or CalPERS Safety Pool Plan.

Changes of Assumptions - There were no changes in economic assumptions for the CalSTRS, CalPERS Schools Pool Plan, or CalPERS Safety Pool Plan from the previous valuations.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2020

Santa Monica Community College District

Established in 1929, Santa Monica College is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The College offers programs of the highest quality for Santa Monica, Malibu, and other students who continue on with their higher education studies; offers programs of remediation and reentry; is a leading community provider of programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community services programs of personal interest. The District's college accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States. There were no changes in the boundaries of the District during the current year. The District did not note any auxiliary organization to report.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Dr. Nancy Greenstein	Chair	November 2022
Dr. Susan Aminoff	Vice Chair	November 2020
Dr. Margaret Quinones-Perez	Member	November 2020
Dr. Louise Jaffe	Member	November 2022
Rob Rader	Member	November 2020
Barry Snell	Member	November 2022
Dr. Sion Roy	Member	November 2022
Joshua Elizondo	Student Trustee	June 2020

ADMINISTRATION

Dr. Kathryn E. Jeffery	Superintendent/President
Dr. Jennifer B. Merlic	Vice President, Academic Affairs
Chris Bonvenuto	Vice President, Business and Administration
Michael Tuitasi	Vice President, Student Affairs
Teresita Rodriguez	Vice President, Enrollment Development
Sherri Lee-Lewis	Vice President, Human Resources
Donald Girard	Senior Director, Government Relations and Institutional Communications

Federal Grantor/Pass-Through	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 643,218	$ -
FSEOG Administrative Allowance	84.007		47,694	-
Federal Work-Study Program	84.033		682,086	-
Federal Work-Study Program Administrative Allowance	84.033		37,139	-
Federal Pell Grant Program	84.063		29,517,837	-
Federal Pell Grant Program Administrative Allowance	84.063		41,090	-
Federal Direct Student Loans	84.268		3,194,850	-
Subtotal Student Financial Assistance Cluster			34,163,914	-
TRIO Cluster				
Upward Bound	84.047A		271,770	-
Subtotal TRIO Cluster			271,770	-
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E		2,428,650	-
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		340,855	-
Subtotal			2,769,505	-
Hispanic Serving Institutions: Science, Technology, Engineering and Mathematics (STEM)	84.031C		1,493,014	281,948
Navigating the Pathway to Success	84.031S		1,795	-
Subtotal			1,494,809	281,948
The Foreign Language Advantage (Title VI-A)	84.016A		45,938	-
Child Care Access Means Parents in School (CCAMPIS)	84.335A		274,930	-
Passed through from California Community Colleges Chancellor's Office (CCCCO)				
Career and Technical Education Act, Perkins Title I, Part C	84.048A	19-C01-055	808,020	-
CTE Transitions	84.048A	19-112-055	46,195	-
Subtotal			854,215	-
Passed through from California Department of Education				
Adult Basic Education, English as a Second Language	84.002A	14508	69,075	-
English Literacy and Civics Education Grant: Civic Participation and Citizenship Preparation	84.002A	14109	42,550	-
Subtotal			111,625	-
Total U.S. Department of Education			39,986,706	281,948
NATIONAL ENDOWMENT for the HUMANITIES				
Mapping and Preserving the Art and Hidden Histories of Santa Monica	45.162	AE-264270-19	33,058	-

Federal Grantor/Pass-Through	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
Research and Development Cluster				
NATIONAL SCIENCE FOUNDATION				
STEM Scholars Program	47.076		$ 274,609	-
Fostering an Equity-minded Student Success Culture in STEM Through Faculty Development	47.076		39,545	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Minority University Research and Education Program	43.008	NNX15AV97A	55,231	-
Subtotal Research and Development Cluster			369,385	-
U.S. DEPARTMENT OF HEALTH and HUMAN SERVICES				
Passed through from California Community Colleges Chancellor's Office (CCCCO)				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	60,917	-
Total Federal Program Expenditures			$40,450,066	$ 281,948

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

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
GENERAL FUND					
Adult Education Block Grant	$ 491,116	$ -	$ 54,281	$ 436,835	$ 436,835
Award for Innovation in Higher Education	1,273,562	-	926,981	346,581	346,581
California Community Colleges Mental Health Services Grant	22,602	92,030	-	114,632	114,632
CalWORKS	351,123	-	22,926	328,197	328,197
Campus Safety and Sexual Assault	25,492	-	-	25,492	25,492
Child Development Training - Yosemite	3,796	5,460	-	9,256	9,256
Classified Professional Development	95,161	-	95,161	-	-
Clean Energy Workforce Program - ETP	74,445	228,606	-	303,051	303,051
Cooperative Agencies Resources for Education (CARE)	83,416	-	11,035	72,381	72,381
Disabled Student Program and Services (DSPS)	2,208,724	-	-	2,208,724	2,208,724
Equal Employment Opportunity - Faculty and Staff Diversity	121,156	-	84,664	36,492	36,492
Extended Opportunity Program and Services (EOPS)	1,308,990	-	610	1,308,380	1,308,380
Financial Aid Technology (One Time)	189,284	-	189,284	-	-
Financial Aid Technology (On-Going)	139,273	-	16,806	122,467	122,467
Guided Pathways	1,090,747	-	565,544	525,203	525,203
Hunger Free Campus	285,185	-	139,150	146,035	146,035
Improving Online CTE Pathways	66,382	238,066	-	304,448	304,448
Innovation and Effectiveness	148,152	-	-	148,152	148,152
Instructional Equipment and Library Materials	41,009	-	41,009	-	-
Leadership Development	6,650	-	1,030	5,620	5,620
Mental Health Support Allocation	192,187	-	64,742	127,445	127,445
Nursing Education	280,322	-	-	280,322	280,322
Physical Plant and Instructional Support	474,276	-	391,253	83,023	83,023
Scheduled Maintenance and Instructional Equipment - One-time	27,419	-	27,419	-	-
Student Financial Aid Administration BFAP	828,006	-	109,805	718,201	718,201

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Strong Workforce Program (SWP)	$ 3,282,327	$ -	$ 1,784,699	$ 1,497,628	$ 1,497,628
Strong Workforce Program (SWP) - Regional	762,295	5,148,134	-	5,910,429	5,910,429
Student Equity Achievement Program (SEAP)	14,585,177	-	4,818,311	9,766,866	9,766,866
Textbook Affordability Program	8,875	2,214	-	11,089	11,089
Transfer and Articulation	2,528	-	2,428	100	100
UMOJA Black Collegians	16,000	-	2,580	13,420	13,420
Veteran Resource Center	166,848	-	114,571	52,277	52,277
Veterans Resources Center Program	-	68,134	-	68,134	68,134
Zero Textbook Cost Degree - Planning	21,028	-	21,028	-	-
CAPITAL PROJECTS FUND					
Physical Plant and Instructional Support	1,935,641	-	1,935,641	-	-
STUDENT FINANCIAL AID TRUST FUND					
Student Success Completion Grant	2,114,346	-	-	2,114,346	2,114,346
Cal Grant BOGG	3,063,128	-	-	3,063,128	3,063,128
California College Promise	1,686,693	-	150,013	1,536,680	1,536,680
Subtotal	$ 37,473,361	$ 5,782,644	$ 11,570,971	$ 31,685,034	$ 31,685,034

Santa Monica Community College District
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
Year Ended June 30, 2020

	Reported Data	Audit Adjustments	Revised Audited Data
CATEGORIES			
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	85.97	-	85.97
2. Credit	1,916.27	-	1,916.27
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,538.81	-	10,538.81
(b) Daily Census Contact Hours	1,642.73	-	1,642.73
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	573.25	-	573.25
(b) Credit	110.88	-	110.88
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,327.56	-	2,327.56
(b) Daily Census Procedure Courses	3,067.98	-	3,067.98
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	20,263.45	-	20,263.45
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	19.13	-	19.13
2. Credit	449.85	-	449.85
CCFS-320 Addendum			
CDCP Noncredit FTES	121.43	-	121.43
Centers FTES			
1. Noncredit*	-	-	-
2. Credit	1,368.14	-	1,368.14

*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		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 30,871,953	$ -	$ 30,871,953	$ 30,871,953	$ -	$ 30,871,953
Other	1300	33,278,388	-	33,278,388	33,278,388	-	33,278,388
Total Instructional Salaries		64,150,341	-	64,150,341	64,150,341	-	64,150,341
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	12,518,246	-	12,518,246
Other	1400	-	-	-	4,801,784	-	4,801,784
Total Noninstructional Salaries		-	-	-	17,320,030	-	17,320,030
Total Academic Salaries		64,150,341	-	64,150,341	81,470,371	-	81,470,371
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	28,204,860	-	28,204,860
Other	2300	-	-	-	2,195,488	-	2,195,488
Total Noninstructional Salaries		-	-	-	30,400,348	-	30,400,348
Instructional Aides							
Regular Status	2200	3,803,907	-	3,803,907	3,803,907	-	3,803,907
Other	2400	366,975	-	366,975	366,975	-	366,975
Total Instructional Aides		4,170,882	-	4,170,882	4,170,882	-	4,170,882
Total Classified Salaries		4,170,882	-	4,170,882	34,571,230	-	34,571,230
Employee Benefits	3000	27,245,198	-	27,245,198	53,477,269	-	53,477,269
Supplies and Material	4000	-	-	-	732,418	-	732,418
Other Operating Expenses	5000	-	-	-	17,970,345	-	17,970,345
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		95,566,421	-	95,566,421	188,221,633	-	188,221,633

See Note to Supplementary Information

		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
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 1,823,832	$ -	$ 1,823,832	$ 1,823,832	$ -	$ 1,823,832
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	791,383	-	791,383
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	2,888,200	-	2,888,200
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,604,621	-	1,604,621
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,581,576	-	1,581,576
Employee Benefits	3000	-	-	-	726,485	-	726,485
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		-	-	-	-	-	-

	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
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 1,403,806	$ -	$ 1,403,806
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,823,832	-	1,823,832	10,819,903	-	10,819,903
Total for ECS 84362, 50 Percent Law		$ 93,742,589	$ -	$ 93,742,589	$ 177,401,730	$ -	$ 177,401,730
Percent of CEE (Instructional Salary Cost/Total CEE)		52.84%		52.84%	100.00%		100.00%
50% of Current Expense of Education					$ 88,700,865		$ 88,700,865

See Note to Supplementary Information

Summarized below is the fund balance reconciliation between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements.

	General Fund
Fund Balance	
Balance, June 30, 2020, (CCFS-311)	21,339,089
Increase in:	
Cash with fiscal agent	2,458,030
Balance, June 30, 2020, Audited	$ 23,797,119

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 9,818,322
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 9,818,322	$ -	$ -	$ 9,818,322
Total Expenditures for EPA		$ 9,818,322	$ -	$ -	$ 9,818,322
Revenues Less Expenditures					$ -

See Note to Supplementary Information

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Funds	$ 28,980,659	
Special Revenue Funds	706,096	
Capital Project Funds	168,062,550	
Debt Service Funds	116,354,146	
Total Fund Balance - All District Funds		$ 314,103,451
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	854,821,692	
Accumulated depreciation is	(183,930,725)	
Total Capital Assets		670,890,967
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.		(11,462,690)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred charges on refunding	5,584,230	
Deferred outflows of resources related OPEB	34,270,730	
Deferred outflows of resources related to pensions	48,173,158	
Total Deferred Outflows of Resources		88,028,118
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related OPEB	(250,409)	
Deferred inflows of resources related to pensions	(26,239,475)	
Total Deferred Inflows of Resources		(26,489,884)

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	$707,453,112	
Certificates of participation	8,621,253	
Compensated absences	7,974,663	
Load banking	3,127,708	
Supplemental early retirement plan	6,373,570	
Capital leases	4,063,765	
Aggregate net OPEB liability	134,274,719	
Aggregate net pension liability	192,476,966	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:	41,968,891	
Total Long-term Liabilities		(1,106,334,647)
Total Net Position		$ (71,264,685)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2020.

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, 2020. 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, except for subrecipient expenditures, which are recorded on the cash basis. 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.

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

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position:		$ 41,902,171
Build America Bonds subsidy	N/A	(1,452,105)
Total Expenditures of Federal Awards		$ 40,450,066

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Government 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, 2020

Santa Monica Community College District

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

Board of Trustees
Santa Monica Community College District
Santa Monica, 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, the financial statements of the business-type activities and the aggregate remaining fund information of Santa Monica Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
February 23, 2021

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

Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on Compliance for Each Major Federal Program
We have audited Santa Monica Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021

Independent Auditor's Report on State Compliance

Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on State Compliance
We have audited Santa Monica Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

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

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

Unmodified Opinion
In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs noted in the table above that were audited for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-20 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
February 23, 2021

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 Federal 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 Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance:	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.031C	Hispanic Serving Institutions: Science, Technology, Engineering and Mathematics (STEM)
84.031S	Navigating the Pathway to Success
84.425E	COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion
84.425F	COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,213,501
Auditee qualified as low-risk auditee:	Yes

STATE AWARDS

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

None reported.

None reported.

None reported.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Compliance Findings

None reported.