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GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
COUNTY OF SAN DIEGO

AUDIT REPORT
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

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GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
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Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Grossmont-Cuyamaca Community College District (District) as of and for the years ended June 30, 2022 and 2021, which comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grossmont-Cuyamaca Community College District as of June 30, 2022 and 2021, and the results of its operations, changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

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

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, 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.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2022

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Grossmont-Cuyamaca Community College District (District) consists of two separately accredited colleges, Cuyamaca and Grossmont, supported by a District Office. Total factored resident and non-resident full-time equivalent students (FTES) for 2021-22 was 12,554.

The following discussion and analysis provide an overview of the financial position and activities of the Grossmont-Cuyamaca Community College District for the year ended June 30, 2022. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

FINANCIAL HIGHLIGHT

- Net position increased by $36.3 million from the prior year. The increase is primarily attributable to an increase in net capital assets and State revenues during 2021-22.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 61. This adoption changed the format and the content of the District's basic financial statements. The District is following the Business Type Activity (BTA) model. Rather than issuing fund-type financial statements, these Statements require the following components to be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows for the District as a whole
- Notes to financial statements

Additionally, fund balance is referred to as Net Position, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

Statement of Net Position

The Statement of Net Position presents the Assets, Liabilities, and Net Position of the district as of the end of the fiscal year using the accrual basis of accounting, which is comparable to that used by most private-sector institutions Net Position—the difference between assets and liabilities—are one way to measure the financial health of the district. The net asset data allows readers to determine the resources available to continue the operations of the district.

The Net Position of the district consists of three major categories:

1. Invested in capital assets, net of related debt – The district's equity in property, plant, and equipment.

2. Restricted Net Position (distinguished between major categories of restriction.) – The constraints placed on the use of the assets are externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

3. Unrestricted Net Position – The district can use them for any lawful purpose. Although unrestricted, the district's governing board may place internal restrictions on this Net Position, but it retains the power to change, remove, or modify those restrictions.

The Statements of Net Position as of June 30, 2022 and 2021 are summarized below:

	2022	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 279,408,894	$ 307,139,267	$ (27,730,373)
Noncurrent assets	403,791,317	373,080,147	30,711,170
Deferred outflows of resources	27,671,349	36,390,038	(8,718,689)
Total Assets and Deferred Outflows of Resources	710,871,560	716,609,452	(5,737,892)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	75,880,452	82,675,327	(6,794,875)
Noncurrent liabilities	535,686,027	623,039,453	(87,353,426)
Deferred inflows of resources	56,502,657	4,424,067	52,078,590
Total Liabilities and Deferred Inflows of Resources	668,069,136	710,138,847	(42,069,711)
NET POSITION			
Invested in capital assets, net of related debt	35,269,670	37,291,665	(2,021,995)
Restricted	70,084,571	54,617,186	15,467,385
Unrestricted	(62,551,817)	(85,438,246)	22,886,429
Total Net Position	$ 42,802,424	$ 6,470,605	$ 36,331,819

The District's total assets and deferred outflows decreased by $5.7 million or 1% from the previous year. The decrease was primarily related to a decrease in cash, accounts receivable, and deferred outflows due to changes in the pension liability during 2021-22. Total liabilities and deferred inflows decreased by $42.1 million or 6% from the previous year.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the District. The purpose of the statement is to present the revenues received by the district, both operating and non-operating, and the expenses paid by the district, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the district. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total Net Position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for providing goods and services to the various customers and constituencies of the district. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the district.

The Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021	Change
OPERATING REVENUES			
Tuitition and fees	$ 9,957,288	$ 9,762,767	$ 194,521
Grants and contracts	127,302,228	95,672,394	31,629,834
Internal service sales and charges	64,810	8,490	56,320
Total Operating Revenues	137,324,326	105,443,651	31,880,675
OPERATING EXPENSES			
Salaries and benefits	117,165,738	141,137,674	(23,971,936)
Supplies, materials, and other operating expenses	73,889,325	64,085,834	9,803,491
Student financial aid	38,380,865	38,482,887	(102,022)
Depreciation	10,507,183	10,154,366	352,817
Total Operating Expenses	239,943,111	253,860,761	(13,917,650)
Operating Loss	(102,618,785)	(148,417,110)	45,798,325
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	67,580,748	62,203,035	5,377,713
Property taxes	79,720,565	74,040,552	5,680,013
State taxes and other revenues	7,427,545	14,088,815	(6,661,270)
Investment income	232,601	2,996,233	(2,763,632)
Interest expense, net	(16,474,584)	(16,711,129)	236,545
Other financing sources (uses)	(4,445,953)	(6,349,083)	1,903,130
Other non-operating revenues	2,889,377	4,437,218	(1,547,841)
Total Non-Operating Revenues (Expenses)	136,930,299	134,705,641	2,224,658
OTHER REVENUES			
State and local capital income	1,472,909	1,303,888	169,021
Change in Net Position	35,784,423	(12,407,581)	48,192,004
NET POSITION, BEGINNING OF YEAR	6,470,605	18,621,362	(12,150,757)
PRIOR PERIOD ADJUSTMENT (SEE NOTE 14)	547,396	256,824	290,572
NET POSITION, END OF YEAR	$ 42,802,424	$ 6,470,605	$ 36,331,819

Statement of Revenues, Expenses and Changes in Net Position, continued

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in the Net Position of $35.8 million at the end of the year. The cost of operations decreased by $13.9 million, and the fiscal year 2022 statement shows an operating loss of $102.6 million.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the district's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the district's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with cash flows from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

Cash Provided by (Used in)	2022	2021	Change
Operating activities	$ (81,799,721)	$ (127,363,348)	$ 45,563,627
Noncapital financing activities	153,150,014	148,528,862	4,621,152
Capital financing activities	(87,743,392)	86,424,819	(174,168,211)
Investing activities	659,807	3,409,027	(2,749,220)
Net Increase (Decrease) in Cash	$ (15,733,292)	$ 110,999,360	$ (126,732,652)

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 separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we 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, 2022, the District had approximately $544.3 million invested in capital assets. Capital assets consist of land and land improvements, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other equipment that met the capitalization threshold recommended by GASB Statement No. 61. These assets have accumulated depreciation of $140.5 million, leaving a net asset amount of $403.8 million.

Note 5 to the financial statements provides detail information on capital assets. A summary of capital assets and changes therein is presented below:

	2022	2021	Change
Capital Assets not being depreciated	$ 90,907,291	$ 67,970,541	$ 22,936,750
Capital Assets being depreciated	453,399,246	435,536,577	17,862,669
Accumulated depreciation	(140,515,220)	(130,426,971)	(10,088,249)
Total Capital Assets	$ 403,791,317	$ 373,080,147	$ 30,711,170

Total net capital assets increased by $30.7 million or 8.2% from the previous year as a result of completed buildings and depreciation.

Long-term Debt

Note 6 to the financial statements provides additional information on long-term liabilities. A summary of long-term debt as of 2022 and 2021 is presented below:

	2022	2021	Change
Compensated absences	$ 4,701,357	$ 4,774,243	$ (72,886)
Net OPEB liability	10,678,780	12,337,552	(1,658,772)
Net pension liability	76,022,947	143,106,435	(67,083,488)
Other long-term liabilities	464,883,083	478,231,223	(13,348,140)
Total Long-term Liabilities	$ 556,286,167	$ 638,449,453	$ (82,163,286)

Economic Factors That May Affect the Future

Funding Formula

Beginning with the 2018-19 budget year, the State implemented the Student Centered Funding Formula (SCFF) to distribute funds to community college districts across the state. The new formula calculates funding using three allocations:

- FTES allocation that reflects student enrollment
- A supplemental allocation based upon the number of low-income students enrolled in the college
- A student success allocation based on the number of students who meet specified student success metrics, including completion of a degree or certificate

The State budget contains a hold harmless provision to fund districts at the 2017-18 funding level plus any COLA effective through the 2024-25 budget year to allow district's across the state time to adjust to the new funding formula and not have their apportionment negatively impacted if there are changes in enrollment, number of low income students served, or success factors since the implementation of the student centered funding formula. Beginning in the 2025-26 budget year a district's 2024-25 funding level will become a minimum funding level provided annually; however, COLA will not be applied to this minimum funding level. A district will only receive additional funding over this minimum funding level if its FTES enrollment or the State's SCFF funding rates result in a higher revenue amount calculated through the SCFF.

Enrollment trends for the District, and for the State community college system overall, show a decline in FTES over the last three years which has the potential to negatively impact funding in future years upon the expiration of the hold harmless provision. Currently the district is receiving funding based on the hold harmless provision since enrollment has declined since 2017-18. The District is in the process of developing an enrollment management plan to increase FTES and efficiency. The District's goals and priorities place a strong focus on student access, equity, and success. These three factors are in line with the components of the student centered funding formula. The Fall 2022 semester saw a leveling off of the decline and enrollment was comparable to the previous fall semester.

Pension Costs

Increasing employer contribution rates to CalSTRS and CalPERS remain a significant concern of the district going forward. The State of California 2020-21 Budget Act redirected funds previously designated for a long-term buy-down of pension liabilities, and instead used them to reduce local school employer pension contributions in 2020-21 and 2021-22 by about 2% in each year. For 2021-22, the final actual employer contribution rates for were 22.91% and 16.92%, respectively, for CalPERS and CalSTRS.

Current projections from CalPERS anticipate the contribution rate from districts to increase in the future to as much as 27.6% and CalSTRS to as much as 20.25%. The rate increase for both plans is significantly higher than the current rates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Vice Chancellor, Business Services, at Grossmont-Cuyamaca Community College District, 8800 Grossmont College Drive, El Cajon, California 92020-1799.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and investments	$ 262,837,095	$ 278,570,387
Accounts receivable, net	16,570,094	28,071,673
Inventory	1,545	1,545
Prepaid expenses	160	495,662
Total Current Assets	279,408,894	307,139,267
Noncurrent Assets:		
Capital assets, net	403,791,317	373,080,147
Total Noncurrent Assets	403,791,317	373,080,147
TOTAL ASSETS	683,200,211	680,219,414
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings	4,405,182	4,707,306
Deferred outflows related to OPEB	1,381,603	567,673
Deferred outflows related to pensions	21,884,564	31,115,059
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,671,349	36,390,038
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 710,871,560	$ 716,609,452
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 14,263,475	$ 12,419,100
Interest payable	5,153,681	4,751,219
Unearned revenue	35,841,652	31,051,236
Due to other funds	21,504	43,772
Current loan	-	19,000,000
Long-term debt, current portion	20,600,140	15,410,000
Total Current Liabilities	75,880,452	82,675,327
Noncurrent Liabilities:		
Compensated absences	4,701,357	4,774,243
Net OPEB liability	10,678,780	12,337,552
Net pension liability	76,022,947	143,106,435
Long-term debt, non-current portion	444,282,943	462,821,223
Total Noncurrent Liabilities	535,686,027	623,039,453
TOTAL LIABILITIES	611,566,479	705,714,780
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on refunding	1,208,498	1,208,498
Deferred Inflows related to OPEB	2,195,404	104,382
Deferred inflows related to pensions	53,098,755	3,111,187
TOTAL DEFERRED INFLOWS OF RESOURCES	56,502,657	4,424,067
NET POSITION		
Net investment in capital assets	35,269,670	37,291,665
Restricted for:		
Debt service	29,839,458	29,589,519
Capital projects	37,828,641	22,099,806
Other special purposes	2,416,472	2,927,861
Unrestricted	(62,551,817)	(85,438,246)
TOTAL NET POSITION	42,802,424	6,470,605
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 710,871,560	$ 716,609,452

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Tuition and fees	$ 19,196,020	$ 21,322,038
Less: Scholarship discounts and allowances	(9,238,732)	(11,559,271)
Net tuition and fees	9,957,288	9,762,767
Grants and Contracts		
Federal	56,612,394	48,480,820
State	70,689,834	47,191,574
Internal Service Sales and Charges	64,810	8,490
TOTAL OPERATING REVENUES	137,324,326	105,443,651
OPERATING EXPENSES		
Salaries	86,644,769	84,843,114
Employee benefits	30,520,969	56,294,560
Supplies, materials, and other operating expenses and services	73,889,325	64,085,834
Student aid	38,380,865	38,482,887
Depreciation	10,507,183	10,154,366
TOTAL OPERATING EXPENSES	239,943,111	253,860,761
OPERATING LOSS	(102,618,785)	(148,417,110)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	67,580,748	62,203,035
Local property taxes	79,720,565	74,040,552
State taxes and other revenues	7,427,545	14,088,815
Investment income	232,601	2,996,233
Interest expense	(16,474,584)	(16,711,129)
Other financing sources (uses)	(4,445,953)	(6,349,083)
Local grants and other non-operating income	2,889,377	4,437,218
TOTAL NON-OPERATING REVENUES (EXPENSES)	136,930,299	134,705,641
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	34,311,514	(13,711,469)
State revenues, capital	1,045,703	891,094
Local revenues, capital	427,206	412,794
TOTAL OTHER REVENUES	1,472,909	1,303,888
CHANGE IN NET POSITION	35,784,423	(12,407,581)
NET POSITION, BEGINNING OF YEAR	6,470,605	18,621,362
PRIOR YEAR ADJUSTMENT (SEE NOTE 14)	547,396	256,824
NET POSITION, END OF YEAR	$ 42,802,424	$ 6,470,605

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 9,957,288	$ 9,762,767
Grants and contracts	143,594,223	98,207,129
Payments to or on behalf of employees	(125,485,729)	(128,973,534)
Payments to vendors for supplies and services	(71,549,448)	(67,885,313)
Payments to students	(38,380,865)	(38,482,887)
Internal service sales and chargees	64,810	8,490
Net Cash Used by Operating Activities	(81,799,721)	(127,363,348)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	67,580,748	62,203,035
Property taxes	79,720,565	74,040,552
State taxes and other revenues	7,427,545	14,088,815
Local grants and other non-operating revenues	2,889,377	4,437,218
Other financing sources (uses)	(4,468,221)	(6,240,758)
Net Cash Provided by Non-capital Financing Activities	153,150,014	148,528,862
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(40,670,957)	(6,447,665)
State revenues for capital purpose	1,045,703	891,094
Proceeds from issuance of debt	(19,000,000)	119,000,000
Principal paid on capital debt	(16,397,876)	(177,359,477)
Interest paid on capital debt	(12,720,262)	150,340,867
Net Cash Provided (Used) by Capital Financing Activities	(87,743,392)	86,424,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	659,807	3,409,027
Net Cash Provided by Investing Activities	659,807	3,409,027
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(15,733,292)	110,999,360
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	278,570,387	167,571,027
CASH & CASH EQUIVALENTS, END OF YEAR	$ 262,837,095	$ 278,570,387

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	**2022**	**2021**
Operating loss	$ (102,618,785)	$ (148,417,110)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	10,507,183	10,154,366
Changes in Assets and Liabilities:		
Accounts receivables, net	11,501,579	(14,108,424)
Inventory	-	(1,545)
Prepaid expenses	495,502	(472,062)
Deferred outflows of resources	8,416,565	4,379,737
Accounts payable and accrued liabilities	1,844,375	(3,325,872)
Unearned revenue	4,790,416	16,643,159
Compensated absences	(72,886)	(160,256)
Net pension liability	(67,083,488)	10,919,434
Net OPEB liability	(1,658,772)	1,022,458
Deferred inflows of resources	52,078,590	(3,997,233)
Total Adjustments	20,819,064	21,053,762
Net Cash Flows From Operating Activities	$ (81,799,721)	$ (127,363,348)

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2022

	Trust Funds	
June 30, 2022	Scholarship and Loan Trust Fund	District Trust Fund
ASSETS		
Cash and cash equivalents	$ 273,657	$ 985,748
Due from other funds	-	25,818
Total Assets	375,507	1,011,566
LIABILITIES		
Accounts payable	-	20,336
Due to other funds	-	4,314
Total Liabilities	-	24,650
NET POSITION		
Restricted	375,507	986,916
Total Net Position	$ 375,507	$ 986,916

The notes to the financial statements are an integral part of this statement.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2021

	Trust Funds	
June 30, 2021	Scholarship and Loan Trust Fund	District Trust Fund
ASSETS		
Cash and cash equivalents	$ 449,063	$ 888,813
Due from other funds	-	43,772
Total Assets	449,063	932,585
LIABILITIES		
Accounts payable	-	2,705
Total Liabilities	-	2,705
NET POSITION		
Restricted	449,063	929,880
Total Net Position	$ 449,063	$ 929,880

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Trust Funds	
June 30, 2022	Scholarship and Loan Trust Fund	District Trust Fund
ADDITIONS		
Operating revenues	$ 254,644	$ 70,153
Other financing sources	20,500	451,273
Total Additions	275,144	521,426
DEDUCTIONS		
Operating expenses	-	428,277
Other outgo	348,700	36,113
Total Deductions	348,700	464,390
Net Change in Net Position	(73,556)	57,036
Beginning of Year	449,063	929,880
End of Year	$ 375,507	$ 986,916

The notes to the financial statements are an integral part of this statement.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 20, 2021

	Trust Funds	
June 30, 2021	Scholarship and Loan Trust Fund	District Trust Fund
ADDITIONS		
Operating revenues	$ 175,706	$ 20,956
Other financing sources	30,800	467,483
Total Additions	206,506	488,439
DEDUCTIONS		
Operating expenses	-	349,151
Other outgo	154,520	38,940
Total Deductions	154,520	388,091
Net Change in Net Position	51,986	100,348
Beginning of Year	397,077	829,532
End of Year	$ 449,063	$ 929,880

The notes to the financial statements are an integral part of this statement.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES – STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,376,557	$ 18,755,950
Investments	3,169,804	1,890,262
Beneficial interest in CCCS endowment	953,080	1,149,700
Special Investments	304,360	1,042,211
Due From related entities	1,775,949	1,131,483
Total current assets	30,579,750	23,969,606
Noncurrent assets:		
Equipment	5,704	5,704
Less accumulated depreciation	(5,704)	(5,704)
Total capital assets, net	-	-
Total assets	$ 30,579,750	$ 23,969,606
LIABILITIES		
Current liabilities		
Accounts payable	$ 1,021,189	$ 1,078,978
Accrued payroll liabilities	196,690	195,981
Due to related entities	1,141,369	1,261,710
Compensated absences	228,600	225,448
Total liabilities	2,587,848	2,762,117
NET ASSETS		
Net assets without donor restrictions	2,251,114	2,400,630
Net assets with donor restrictions	25,740,788	18,806,859
Total net assets	27,991,902	21,207,489
Total liabilities and net assets	$ 30,579,750	$ 23,969,606

The notes to the financial statements are an integral part of this statement.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES – STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Categorical allowances	$ -	$ 39,162,476	$ 39,162,476
Contract education and services	-	14,549	14,549
Contributions	-	1,180,497	1,180,497
Interest Income	-	6,469	6,469
Net investment income	-	(304,555)	(304,555)
Special events	-	51,705	51,705
Other local revenue	123,985	-	123,985
Operational indirect offset	-	225,763	225,763
Inter-fund Transfers In	-	1,195,431	1,195,431
Net assets released from restrictions	307,978	(307,978)	-
Total Support and Revenue	431,963	41,224,357	41,656,320
OPERATING EXPENSES			
Program services	565,826	33,367,342	33,933,168
Management and General	15,653	923,086	938,739
Total Expenses	581,479	34,290,428	34,871,907
Change in Net Assets	(149,516)	6,933,929	6,784,413
Net Assets - Beginning of Year	2,400,630	18,806,859	21,207,489
Net Assets - End of Year	$ 2,251,114	$ 25,740,788	$ 27,991,902

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES – STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2021	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Categorical allowances	$ -	$ 39,242,611	$ 39,242,611
Contract education and services	-	11,786	11,786
Contributions	-	549,764	549,764
Net investment income	-	488,588	488,588
Other local revenue	302,795	-	302,795
Operational indirect offset	-	268,861	268,861
Intra-Fund Transfers In	-	55,247	55,247
Incoming Transfers In	-	341,216	341,216
Net assets released from restrictions	597,290	(597,290)	-
Total Support and Revenue	900,085	40,360,783	41,260,868
OPERATING EXPENSES			
Program services	520,928	35,789,912	36,310,840
Management and General	114,789	886,861	1,001,650
Total Expenses	635,717	36,676,773	37,312,490
Change in Net Assets	264,368	3,684,010	3,948,378
Net Assets - Beginning of Year	2,087,557	15,122,849	17,210,406
Adjustments	48,705	-	48,705
Net Assets - End of Year	$ 2,400,630	$ 18,806,859	$ 21,207,489

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES – STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,784,413	$ 3,948,378
Reconciliation to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Due from related entities	(644,466)	10,047
Effect on changes in:		
Accounts payable	(57,789)	415,891
Accrued payroll	709	58,405
Compensated absences	3,152	(48,707)
Due to related entities	(120,341)	(110,570)
Deferred revenue	-	(15,483,018)
Prior period audit adjustment - see note 14	-	48,705
Net Cash Provided (Used) by Operating Activities	5,965,678	(11,160,869)
CASH FLOWS FROM INVESTING ACTIVITES		
Net (gains) losses on investments	(541,691)	(512,274)
Net losses on FCCC endowment	196,620	(201,970)
Net Cash Provided (Used) by Investing Activities	(345,071)	(714,244)
Net Increase (Decrease) in Cash and Cash Equivalents	5,620,607	(11,875,113)
Cash and Cash Equivalents - Beginning of Year	18,755,950	30,631,063
Cash and Cash Equivalents - End of Year	$ 24,376,557	$ 18,755,950

NOTE 1 – ORGANIZATION

The Grossmont-Cuyamaca Community College District (the District) was established in 1961 as a political subdivision of the State of California and provides post-secondary educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates two colleges located in El Cajon, California: Grossmont College and Cuyamaca College. While the District is a political subdivision of the State of California, it is not a component unit of the state in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 61, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 61 and Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Trustee's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of the whether the District is able to exercise oversight responsibilities.

The Foundation for Grossmont and Cuyamaca Colleges (the Foundation) is a legally separate, tax exempt organization that is considered a component unit of the District. The Foundation receives grant funding for the benefit of the District and the District exercises significant control over the expenditures and operations of the Foundation. The Foundation is reported as a discretely presented component unit because of the difference in the reporting model. The Foundation reports its results of operations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

The Foundation is a separate, not-for-profit corporation. Its Board of Directors is appointed independent of any District Board of Trustee appointments. Its Board is responsible for approving their own budgets and accounting and financing related activities.

Separate financial statements for the Foundation may be obtained through the District.

NOTE 1 – ORGANIZATION, continued

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with a joint power agency (JPA). This organization does not meet the criteria for inclusion as component units of the District. The JPA is the Alliance of Schools for Cooperative Insurance Programs (ASCIP).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

GASB released Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" in June 1999, which released Statement No. 35, "Basis Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applies the new reporting standards of GASB Statement No. 34 to public colleges and universities. The GASB then amended those statements in June 2001 with the issuance of GASB Statements No. 37 and No. 38. Grossmont-Cuyamaca Community College District (District) adopted and applied these new standards beginning in 2001-02 as required. In May 2002, the GASB released Statement No. 39, "Determining Whether Certain Organizations Are Component Units," which amends GASB Statement 14, paragraphs 41 and 42, to provide guidance for determining and reporting whether certain organizations are component units. In 2010 GASB 61 was enacted to amend GASB 14, 34 and 35. The District adopted and applied this standard for the 2018- 2019 fiscal year as required.

The District now follows the financial statement presentation required by GASB Statements No. 39 and 61. This presentation provides a comprehensive, entity-wide perspective of the District's assets, cash flows, and replaces the fund-group perspective previously required.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All material intra-agency transactions have been eliminated.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. It has also elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless FASB conflicts with budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents.

D. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts externally restricted as to use pursuant to the requirements of the District's grants and contracts and amounts.

E. Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, many residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District does not record an allowance for uncollectible accounts. When receivables are determined to be uncollectible, a direct write-off is recorded.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Capitalized equipment includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged as operating expense in the year in which the expense was incurred.

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for land improvements, 8 years for most equipment and vehicles, and 3 years for technology equipment such as computers.

G. Net Position

The District's Net Position is classified as follows:

- *Invested in capital assets, net of related debt* – This represents the District's total investment in capital assets, net of associated outstanding debt obligations. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

- *Restricted net position – expendable* – Restricted expendable net position include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

- *Restricted net position – nonexpendable* – Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

- *Unrestricted net position* – Unrestricted net position represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Although the governing board may designate these funds for special purposes, the funds remain unrestricted.

When an expense is incurred that can be paid using either restricted or unrestricted funds, the District's policy is to utilize available restricted resources, followed by unrestricted resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. State Apportionments

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February of the subsequent year and are recorded in the District's financial records when received.

I. On-Behalf Payments

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' and Public Employees' Retirement System on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructs districts not to record revenue and expenditures for these on-behalf payments.

J. Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

K. Operating Revenues

Operating revenues include all revenues from programmatic sources. Non-operating revenues include state apportionments, state and local tax revenues, investment income and gifts.

L. Classification of Revenues

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 61, including state appropriations, local property taxes and investment income. Revenues are classified per the following criteria:

- Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local contracts and federal appropriations, and (4) interest on institutional student loans.

- Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, most federal, state and local grants, and other revenue sources described in GASB Statement No. 61, such as state appropriations and investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

M. Investments

In accordance with GASB Statement 72, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are reported at fair value. However, cash in the county treasury and some investments are recorded at cost, which approximates fair value.

N. Restricted Cash and Cash Equivalents

Cash that is externally restricted for contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other non-current assets is classified as a non-current asset in the statement of Net Position.

O. Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District. The District also participates in and accrues "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for eligible employees when they retire.

P. Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the district's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

NOTE 3 – CASH AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair market 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 market value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

NOTE 3 – CASH AND INVESTMENTS, continued

Authorized Under Debt Agreements

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

Summary of Cash and Investments

Cash and investments as of June 30, 2022, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 22,132,686	$ 1,259,405
Cash with fiscal agent	10,431,499	-
Cash in county treasury	230,272,910	-
Total Cash and Investments	$ 262,837,095	$ 1,259,405

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the following schedule that shows the distribution of the District's investment by maturity:

Investment or Deposit Type	Fair Market Value	Maturity
San Diego County Investment Pool	$ 224,583,260	551 Days

NOTE 3 – CASH AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2022. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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 agencies. 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, 2022, the District's bank balance of $22,132,686 was not exposed to custodial credit risk because the first $250,000 deposited per bank was covered under the FDIC insurance limit, and the remaining balance was collateralized with securities held by the pledging financial institution's trust department or agency.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2022:

	Primary Government
Federal	$ 1,719,388
State	1,238,210
Local	13,018,779
Total	$ 15,976,377

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is summarized below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 1,818,942	$ -	$ -	$ 1,818,942
Construction in progress	66,151,599	42,833,213	19,896,463	89,088,349
Total Capital Assets Not Being Depreciated	67,970,541	42,833,213	19,896,463	90,907,291
Capital Assets Being Depreciated				
Land improvements	69,195,919	2,290,233	-	71,486,152
Buildings and improvements	356,357,163	19,178,604	3,417,988	372,117,779
Furniture and equipment	9,983,495	169,797	357,977	9,795,315
Total Capital Assets Being Depreciated	435,536,577	21,638,634	3,775,965	453,399,246
Total Capital Assets	503,507,118	64,471,847	23,672,428	544,306,537
Less Accumulated Depreciation				
Land improvements	28,851,032	2,643,147	-	31,494,179
Buildings and improvements	92,546,436	7,387,818	60,494	99,873,760
Furniture and equipment	9,029,503	476,218	358,440	9,147,281
Total Accumulated Depreciation	130,426,971	10,507,183	418,934	140,515,220
Capital Assets, Net	$ 373,080,147	$ 53,964,664	$ 23,253,494	$ 403,791,317

Capital asset activity for the year ended June 30, 2021, is summarized below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	$ 1,818,942	$ -	$ -	$ 1,818,942
Construction in progress	53,022,030	24,956,126	11,826,557	66,151,599
Total Capital Assets Not Being Depreciated	54,840,972	24,956,126	11,826,557	67,970,541
Capital Assets Being Depreciated				
Land improvements	69,195,919	-	-	69,195,919
Buildings and improvements	366,707,756	9,953,250	20,303,843	356,357,163
Furniture and equipment	9,846,128	137,367	-	9,983,495
Total Capital Assets Being Depreciated	445,749,803	10,090,617	20,303,843	435,536,577
Total Capital Assets	500,590,775	35,046,743	32,130,400	503,507,118
Less Accumulated Depreciation				
Land improvements	25,087,641	3,763,391	-	28,851,032
Buildings and improvements	90,509,254	5,825,328	3,788,146	92,546,436
Furniture and equipment	8,463,856	565,647	-	9,029,503
Total Accumulated Depreciation	124,060,751	10,154,366	3,788,146	130,426,971
Capital Assets, Net	$ 376,530,024	$ 24,892,377	$ 28,342,254	$ 373,080,147

NOTE 6 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term obligations for the 2022 fiscal year consisted of the following:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General Obligation Bonds	$ 450,817,789	$ 5,847,000	$ 16,700,000	$ 439,964,789	$ 18,105,000
Bond premium	27,413,434	-	2,495,140	24,918,294	2,495,140
Compensated absences	4,774,243	-	72,886	4,701,357	-
Net OPEB liability	12,337,552	-	1,658,772	10,678,780	-
Net pension liability	143,106,435	-	67,083,488	76,022,947	-
Totals	$ 638,449,453	$ 5,847,000	$ 88,010,286	$ 556,286,167	$ 20,600,140

The changes in the District's long-term obligations for the 2021 year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	$ 355,509,010	$ 173,178,779	$ 77,870,000	$ 450,817,789	$ 15,410,000
Bond premium	27,716,577	5,217,829	5,520,972	27,413,434	-
Compensated absences	4,934,499	-	160,256	4,774,243	-
Net OPEB liability	11,315,094	1,022,458	-	12,337,552	-
Net pension liability	132,187,001	10,919,434	-	143,106,435	-
Totals	$ 531,662,181	$ 190,338,500	$ 83,551,228	$ 638,449,453	$ 15,410,000

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the lease revenue bonds, retiree health benefits and the supplemental employee retirement plan. An accrued compensated absence will be paid by the fund for which the employee worked.

The lease revenue bonds were issued in July 2001 in the amount of $2,480,000 to provide funds for capital improvements. At June 30, 2022, the bonds were paid in full. The lease revenue bonds mature through 2021 with interest rates ranging from 4.0 percent to 5.8 percent.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

NOTE 6 – LONG-TERM LIABILITIES, continued

Bonded Debt

The outstanding general obligations bonded debt as of June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Redeemed	Balance June 30, 2022	Due Within One Year
GO Bonds, Series 2008C	$ 104,477,789	$ 5,847,000	$ -	$ 110,324,789	$ -
GO Bonds, Series 2013 Refunding	1,610,000	-	380,000	1,230,000	395,000
GO Bonds, Series 2013A	4,710,000	-	1,495,000	3,215,000	1,570,000
GO Bonds, Series 2018 Refunding	56,925,000	-	13,535,000	43,390,000	14,900,000
GO Bonds, Series 2018B	115,450,000	-	-	115,450,000	-
GO Bonds, Series 2021C	100,000,000	-	-	100,000,000	-
GO Bonds, Series 2021 Refunding	67,645,000	-	1,290,000	66,355,000	1,240,000
	$ 450,817,789	$ 5,847,000	$ 16,700,000	$ 439,964,789	$ 18,105,000
Unamortized Premium	$ 27,413,434	$ -	$ 2,495,140	$ 24,918,294	$ -

2008 Series C General Obligation Bonds

During May 2008, the District issued, form the November 2002 election, the General Obligation Bonds, Series 2008C, in the amount of $52,000,377. The bonds issued included $52,000,377 in Capital Appreciation Bonds. The Capital Appreciation Bonds have a maturing principal and interest balance of $154,840,000. The bonds mature beginning on August 1, 2025 through August 1, 2031, with interest yields ranging from 5.06 percent to 6.50 percent.

2013 Series A General Obligation Bonds

During August 2013, the District issued, form the November 2012 election, the General Obligation Bonds, Series A, in the amount of $80,000,000. The bonds mature beginning on August 1, 2014 through August 1, 2030, with interest yields ranging from 2.00 percent to 5.25 percent. The bonds were partially refunded with the issuance of the 2021 Refunding Bonds.

2013 General Obligation Refunding Bonds

During August 2013, the District issued the 2013 General Obligation Refunding Bonds, in the amount of $5,470,000. The bonds mature beginning on August 1, 2014 through August 1, 2027, with interest yields ranging from 2.00 percent to 4.00 percent.

2018 Series B General Obligation Bonds

During June 2018, the District issued, form the November 2012 election, the General Obligation Bonds, Series 2018B, in the amount of $126,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2047, with interest yields ranging from 3.00 percent to 5.00 percent.

NOTE 6 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

2018 General Obligation Refunding Bonds

During June 2018, the District issued the 2018 General Obligation Refunding Bonds, in the amount of $82,275,000. The bonds mature beginning on August 1, 2018 through August 1, 2024, with interest yields ranging from 3.00 percent to 5.00 percent.

2021 Series C General Obligation Bonds

During May 2021, the District issued, form the November 2012 election, the General Obligation Bonds, Series 2021C, in the amount of $100,000,000. The bonds mature beginning on August 1, 2030 through August 1, 2050, with interest yields ranging from 1.78 percent to 4.00 percent.

2021 General Obligation Refunding Bonds

During May 2021, the District issued the 2021 General Obligation Refunding Bonds, in the amount of $67,645,000. The bonds mature beginning on August 1, 2021 through August 1, 2043, with interest yields ranging from 0.08 percent to 3.02 percent.

The general obligation bonds, Series 2008C, mature through 2032 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	-	-
2025	-	-	-
2026	6,359,941	12,700,059	19,060,000
2027	6,250,810	13,719,190	19,970,000
2028-2032	39,389,626	76,420,374	115,810,000
Accretion	58,324,412	(58,324,413)	-
Total	$ 110,324,789	$ 44,515,210	$ 154,840,000

The general obligation bonds, Series 2013A and 2013 Refunding, mature through 2044 and 2028, respectively, as follows:

The general obligation bonds, Series 2013A, mature through 2024 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 1,570,000	$ 3,168,888	$ 4,738,888
2024	1,645,000	3,088,513	4,733,513
Total	$ 3,215,000	$ 6,257,401	$ 9,472,401

NOTE 6 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

The general obligation bonds, Series 2013 Refunding, mature through 2025 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 395,000	$ 90,425	$ 485,425
2024	410,000	77,363	487,363
2025	425,000	64,306	489,306
Total	$ 1,230,000	$ 232,094	$ 1,462,094

The general obligation bonds, Series 2018B and 2018 Refunding, mature through 2048 and 2025, respectively, as follows:

The general obligation bonds, Series 2018B, mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ -	$ 5,296,600	$ 5,296,600
2024	-	5,296,600	5,296,600
2025	-	5,296,600	5,296,600
2026	-	5,296,600	5,296,600
2027	-	5,296,600	5,296,600
2028-2032	805,000	26,452,625	27,257,625
2033-2037	10,220,000	25,270,250	35,490,250
2038-2042	26,700,000	20,788,750	47,488,750
2043-2047	60,490,000	10,849,725	71,339,725
2048	17,235,000	344,700	17,579,700
Total	$ 115,450,000	$ 110,189,050	$ 225,639,050

The general obligation bonds, 2018 Refunding, mature through 2025 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 14,900,000	$ 1,797,000	$ 16,697,000
2024	16,520,000	1,011,500	17,531,500
2025	11,970,000	299,250	12,269,250
Total	$ 43,390,000	$ 3,107,750	$ 46,497,750

NOTE 6 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

The general obligation bonds, Series 2021C and 2021 Refunding, mature through 2051 and 2044, respectively, as follows:

The general obligation bonds, Series 2021C, mature through 2051 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	2,511,684	2,511,684
2025	-	2,763,700	2,763,700
2026	-	2,763,700	2,763,700
2027	-	2,763,700	2,763,700
2028-2032	350,000	13,806,500	14,156,500
2033-2037	2,805,000	13,514,800	16,319,800
2038-2042	6,035,000	12,640,400	18,675,400
2043-2047	14,730,000	10,774,100	25,504,100
2048-2051	76,080,000	4,384,963	80,464,963
Total	$ 100,000,000	$ 65,923,547	$ 165,923,547

The general obligation bonds, 2021 Refunding, mature through 2044 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 1,240,000	$ 1,596,161	$ 2,836,161
2024	535,000	1,594,216	2,129,216
2025	1,000,000	1,590,443	2,590,443
2026	1,815,000	1,579,278	3,394,278
2027	2,225,000	1,558,155	3,783,155
2028-2032	14,620,000	7,113,374	21,733,374
2033-2037	16,935,000	5,324,006	22,259,006
2038-2042	19,385,000	2,794,861	22,179,861
2043-2044	8,600,000	261,856	8,861,856
Total	$ 66,355,000	$ 23,412,350	$ 89,767,350

NOTE 6 – LONG-TERM LIABILITIES, continued

Compensated Absences

The District's liability for vested and unpaid compensated absences (accrued vacation and load banking) has been accrued and amounts to $4,701,357.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least ten years in service. When the retiree attains age 65, all postemployment benefits cease. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees and their dependents.

Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	Faculty	Classified	Administrators Association	Confidential Chancellors Cabinet
Benefit types provided	Medical and Dental	Medical and Dental	Medical and Dental	Medical and Dental
Duration of Benefits	To age 65	To age 65	To age 65	To age 65
Required Service	15 years	15 years	10 years	15 years
Minimum Age	55	55	50	55
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	None	None	None	None

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	65
Participating Active Employees	625
	690

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

Total OPEB Liability

The Grossmont-Cuyamaca Community College District's net OPEB liability of $10,678,780 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	4.75%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table

Retirement Rates:

Certificated	2020 CalSTRS Retirement Rates Table
Classified	2017 CalPERS Retirement Rates for School Employees Table

Vesting Rates:

Certificated	100% at 15 years of service (faculty), 100% at 10 years of service (Administrators Association)
Classified	100% at 15 years of service
Management	100% at 15 years of service (Confidential and Chancellor's Cabinet), 100% at 10 years of service (Administrators Association)

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

Changes in Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2020	$ 22,642,350	$ 10,304,798	$ 12,337,552
Changes for the year:			
Service cost	1,743,641	-	1,743,641
Interest on TOL	1,325,005	-	1,325,005
Employee contributions	-	1,338,530	(1,338,530)
Change in assumptions	(1,383,488)	-	(1,383,488)
Expected investment income	-	596,743	(596,743)
Experience gains/losses	948,573	-	948,573
Investment gains/losses	-	1,046,467	(1,046,467)
Administrative expense	-	(32,234)	32,234
Expected benefit payments	(1,338,530)	(1,338,530)	-
Changes in benefit terms	(1,342,997)	-	(1,342,997)
Net change	(47,796)	1,610,976	(1,658,772)
Balance June 30, 2021	$ 22,594,554	$ 11,915,774	$ 10,678,780

The Grossmont-Cuyamaca Community College District has invoked Paragraph 244 of GASB Statement 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a "roll-back" technique has been used.

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

The following presents the total OPEB liability of the Grossmont-Cuyamaca Community College District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.75 percent) or one percentage point higher (5.75 percent) than the current discount rate:

	Discount Rate 1% Lower (3.75%)	Current Discount Rate (4.75%)	Discount Rate 1% Higher (5.75%)
Net OPEB liability	$ 12,168,801	$ 10,678,780	$ 9,280,269

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

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

The following presents the total OPEB liability of the Grossmont-Cuyamaca Community College District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 8,538,408	$ 10,678,780	$ 13,165,352

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

For the fiscal year ended June 30, 2022, the Grossmont-Cuyamaca Community College District recognized OPEB expense of ($381,680). At June 30, 2022, the Grossmont-Cuyamaca Community College District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 922,596
Differences between expected and actual experience	1,381,603	-
Change in assumptions	-	1,272,808
	$ 1,381,603	$ 2,195,404

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (204,291)
2023	(240,076)
2024	(197,049)
2025	(185,328)
2026	23,963
Thereafter	(11,020)
	$ (813,801)

NOTE 8 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2022, the District contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCIP) Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021-22, the District participated in the ASCIP JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. The savings are then calculated, and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Participation in Public Entity Risk Pools and JPAs

The District pays annual premiums for its property, liability and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

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

NOTE 9 – PENSION PLANS

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 34,451,550	$ 13,042,666	$ 36,634,491	$ 823,054
CalPERS	41,571,397	8,841,898	16,464,264	5,012,762
Total	$ 76,022,947	$ 21,884,564	$ 53,098,755	$ 5,835,816

NOTE 9 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2021 respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021-22 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $7,252,630 for the year ended June 30, 2022.

NOTE 9 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for education. These payments consist of state general fund contributions of approximately $4,868,879 to CalSTRS.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 34,451,550
State's proportionate share of the net pension liability associated with the District	17,335,044
Total	$ 51,786,594

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. 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. At the June 30, 2021 measurement date, the District's proportion was 0.0757% percent, which was a decrease of .0006% percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $823,054. In addition, the District recognized pension expense and revenue of ($3,021,481) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 27,254,031
Differences between expected and actual experience	86,302	3,667,119
Changes in assumptions	4,879,795	-
Net changes in proportionate share of net pension liability	823,939	5,713,341
District contributions subsequent to the measurement date	7,252,630	-
Total	$ 13,042,666	$ 36,634,491

NOTE 9 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The $7,252,630 reported as 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (6,565,607)
2024	(5,716,573)
2025	(8,372,325)
2026	(8,071,839)
2027	(357,217)
Thereafter	(364,354)
	$ (29,447,915)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2019 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015–June 30, 2018.

NOTE 9 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Assumptions, continued

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 January 2020 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, 2022, are summarized in the following table:

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

*20-year geometric average

Discount rate

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

NOTE 9 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 70,131,024	$ 34,451,550	$ 4,838,267

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

<u>California Public Employees' Retirement System (CalPERS)</u>

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (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 Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

NOTE 9 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were $6,448,611 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $41,571,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. 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. At June 30, 2021, the District's proportion was 0.2044 percent, which was a decrease of 0.0017 percent from its proportion measured as of June 30, 2020.

NOTE 9 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

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

For the year ended June 30, 2022, the District recognized pension expense of $5,012,762. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 15,953,866
Differences between expected and actual experience	1,241,013	98,001
Changes in assumptions	-	-
Net changes in proportionate share of net pension liability	1,152,274	412,397
District contributions subsequent to the measurement date	6,448,611	-
Total	$ 8,841,898	$ 16,464,264

The $6,448,611 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (2,829,839)
2024	(3,107,428)
2025	(3,600,632)
2026	(4,437,080)
	$ (13,974,979)

NOTE 9 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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 service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 9 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial assumptions, continued

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
**An expected inflation of 2.0% used for this period
***An expected inflation of 2.92% used for this period

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 70,095,214	$ 41,571,397	$ 17,890,511

NOTE 9 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District as of June 30, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District was committed under various capital expenditure purchase agreements for bond and capital outlay projects totaling $42,552,766.

NOTE 11 – RELATED PARTY TRANSACTIONS

The District provides categorical allowances to the Foundation for Grossmont and Cuyamaca Colleges (the Foundation) and also receives support from the Foundation. During the fiscal year ended June 30, 2022, categorical allowances paid to the Foundation totaled $38,820,084.

The District receives awards of financial support for various programs and general support from the Foundation for Grossmont and Cuyamaca Colleges in accordance with donor instructions. During the fiscal year ended June 30, 2022, the Foundation for Grossmont and Cuyamaca Colleges provided $275,650 in scholarships and other aid to the students of Grossmont and Cuyamaca Colleges.

NOTE 12 – FUNCTIONAL EXPENSES

	Instructional Salaries and Benefits	Non-Instructional Salaries and Benefits	Operating Expenses	Depreciation	Financial Aid	Total
Instructional Activities	$ 50,708,110	$ 2,534,514	$ 1,248,286	$ -	$ -	$ 54,490,910
Instructional Admin & Governance	-	3,847,436	1,061,507	-	-	4,908,943
Instructional Support Services	127,208	3,617,482	184,305	-	-	3,928,995
Admissions and Records	-	1,904,415	51,414	-	-	1,955,829
Students Counseling and Guidance	-	6,922,624	174,154	-	-	7,096,778
Student Services	-	14,329,317	2,793,997	-	-	17,123,314
Operation and Maintenance of Plant	-	4,792,871	3,455,049	-	-	8,247,920
Planning, Policy Making and Coordination	-	3,346,452	627,915	-	-	3,974,367
Institutional Support Services	-	22,386,673	40,959,375	-	-	63,346,048
Ancillary Services and Auxiliary Operations	-	2,648,636	562,462	-	-	3,211,098
Transfers, Student Aid and Other Outgo	-	-	57,798	-	38,380,865	38,438,663
Depreciation Expense	-	-	-	10,507,183	-	10,507,183
Total	$ 50,835,318	$ 66,330,420	$ 73,889,325	$ 10,507,183	$ 38,380,865	$ 239,943,111

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2022 through December 20, 2022, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Beginning net position decreased by $47,296 due to District identified adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 1,743,641	$ 1,696,974	$ 1,490,799	$ 1,450,899	$ 1,412,067
Interest	1,325,005	1,240,698	1,126,096	1,066,054	1,002,616
Experience gains/losses	948,573	-	879,576	-	-
Benefit payments	(47,796)	(1,676,349)	(1,570,987)	(1,432,394)	(1,287,136)
Net change in total OPEB liability	22,642,350	1,261,323	1,925,484	1,084,559	1,127,547
Total OPEB liability, beginning of year	$ 22,594,554	$ 21,381,027	$ 19,455,543	$ 18,370,984	$ 17,243,437
Total OPEB liability, end of year (a)		22,642,350	21,381,027	19,455,543	18,370,984
Plan fiduciary net position	$ -				
Employer contributions	1,338,530	1,418,300	2,457,999	4,111,819	1,287,136
Expected Investment income	596,743	572,451	507,743	384,449	309,802
Investment gains/losses	1,046,467	58,603	215,136	(178,949)	-
Administrative expense	(32,234)	(25,029)	(22,265)	(16,639)	(12,769)
Expected benefit payments	(1,338,530)	(1,785,460)	(1,257,999)	(1,432,394)	(1,287,136)
Change in plan fiduciary net position	1,610,976	238,865	1,900,614	2,868,286	297,033
Fiduciary trust net position, beginning of year	10,304,798	10,065,933	8,165,319	5,297,033	5,000,000
Fiduciary trust net position, end of year (b)	$ 11,915,774	$ 10,304,798	$ 10,065,933	$ 8,165,319	$ 5,297,033
Net OPEB liability, ending (a) - (b)	$ 10,678,780	$ 12,337,552	$ 11,315,094	$ 11,290,224	$ 13,073,951
Covered payroll	$ 60,558,412	$ 61,218,676	$ 62,995,659	$ 57,604,264	$ 55,300,832
Plan fiduciary net position as a percentage of the total OPEB liability	53%	46%	47%	42%	29%
Net OPEB liability as a percentage of covered payroll	14%	20%	18%	15%	24%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,281,150	$ 1,338,530	$ 1,676,349	$ 1,570,987	$ 1,432,394
Contributions in relations to the actuarially determined contribution	633,258	612,187	1,384,965	1,609,329	1,334,470
Contribution deficiency (excess)	$ 2,004,249	$ 726,343	$ 291,384	$ (38,342)	$ 97,924
Covered-employee payroll	$ 60,558,412	$ 61,218,676	$ 62,995,659	$ 57,604,264	$ 55,300,832
Contribution as a percentage of covered-employee payroll	1.05%	1.00%	2.20%	2.79%	2.41%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

	Reporting Fiscal Year (Measurement Date)			
	2022	2021	2020	2019
CalSTRS	(2021)	(2020)	(2019)	(2018)
District's proportion of the net pension liability	0.076%	0.082%	0.082%	0.080%
District's proportionate share of the net pension liability	$ 34,451,550	$ 79,855,960	$ 74,032,471	$ 73,832,729
State's proportionate share of the net pension liability associated with the District	17,335,044	41,165,423	40,389,981	42,274,723
Total	$ 51,786,594	$ 121,021,383	$ 114,422,452	$ 116,107,452
District's covered - employee payroll	$ 41,238,186	$ 42,971,180	$ 44,821,050	$ 45,819,953
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	84%	186%	165%	165%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)			
	2022	2021	2020	2019
CalPERS	(2021)	(2020)	(2019)	(2018)
District's proportion of the net pension liability	0.204%	0.206%	0.200%	0.198%
District's proportionate share of the net pension liability	$ 41,571,397	$ 63,250,475	$ 58,154,530	$ 52,862,109
District's covered - employee payroll	$ 45,436,293	$ 29,681,177	$ 27,841,153	$ 26,190,427
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	91%	213%	209%	190%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.082%	0.082%	0.086%	0.083%
District's proportionate share of the net pension liability	$ 75,403,816	$ 66,629,046	$ 57,953,356	$ 48,502,710
State's proportionate share of the net pension liability associated with the District	44,608,623	37,963,313	30,650,854	29,648,519
Total	$ 120,012,439	$ 104,592,359	$ 88,604,210	$ 78,151,229
District's covered - employee payroll	$ 45,436,293	$ 41,800,976	$ 39,959,032	$ 37,139,745
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	166%	159%	145%	131%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.199%	0.200%	0.201%	0.204%
District's proportionate share of the net pension liability	$ 47,516,098	$ 39,444,287	$ 29,581,605	$ 31,435,317
District's covered - employee payroll	$ 25,295,960	$ 24,031,545	$ 22,440,294	$ 21,367,147
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	188%	164%	132%	147%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	84%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Reporting Fiscal Year			
CalSTRS	2022	2021	2020	2019
Statutorily required contribution	$ 7,252,630	$ 6,659,967	$ 7,790,675	$ 7,296,867
District's contributions in relation to the statutorily required contribution	7,252,630	6,659,967	7,790,675	7,296,867
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 42,864,243	$ 41,238,186	$ 42,971,180	$ 44,821,050
District's contributions as a percentage of covered-employee payroll	16.92%	16.15%	18.13%	16.28%

	Reporting Fiscal Year			
CalPERS	2022	2021	2020	2019
Statutorily required contribution	$ 6,448,611	$ 6,075,188	$ 5,853,425	$ 5,028,669
District's contributions in relation to the statutorily required contribution	6,448,611	6,075,188	5,853,425	5,028,669
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 28,147,582	$ 29,348,734	$ 29,681,177	$ 27,841,153
District's contributions as a percentage of covered-employee payroll	22.91%	20.70%	19.72%	18.06%

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

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 6,611,819	$ 5,707,621	$ 4,485,245	$ 6,593,102
District's contributions in relation to the statutorily required contribution	6,611,819	5,707,621	4,485,245	6,593,102
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 45,819,953	$ 45,436,293	$ 41,800,976	$ 39,959,032
District's contributions as a percentage of covered-employee payroll	14.43%	12.56%	10.73%	16.50%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 4,067,635	$ 3,537,565	$ 2,847,017	$ 2,641,447
District's contributions in relation to the statutorily required contribution	4,067,635	3,537,565	2,847,017	2,641,447
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 26,190,427	$ 25,295,960	$ 24,031,545	$ 22,440,294
District's contributions as a percentage of covered-employee payroll	15.53%	13.98%	11.85%	11.77%

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

NOTE 1 – PURPOSE OF THE SCHEDULE

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Schedule of Contributions – OPEB

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

Changes in Benefit Terms

There were no changes in assumptions since the previous valuations.

Changes of Assumptions

The discount rate went from 5.80% to 4.75% from the June 30, 2020 to June 30, 2021 measurement date.

Schedule of Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms

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

Changes of Assumptions

There were no changes in assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

The Grossmont-Cuyamaca Community College District (the District) is located in the eastern area in San Diego County, California. The District was organized in 1961 with Grossmont College located in El Cajon. In 1978, Cuyamaca College was completed to serve students in the Rancho San Diego area of the District under the laws of the State of California. Both colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District operates under a locally elected five-member Board form a government. There have been no changes in the District's boundaries during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Debbie Justeson	President	December 2022
Brad Monroe	Vice President	December 2022
Elena Adams	Clerk	December 2024
Linda Cartwright	Trustee	December 2022
Julie Schorr	Trustee	December 2024

DISTRICT ADMINISTRATION

Lynn Ceresino Neault, Ed.D.
Chancellor

Denise Whisehunt, J.D.
President, Grossmont College

Julianna Barnes, Ed.D.
President, Cuyamaca College

Sahar Abushaban
Vice Chancellor - Business Services

Aimee Gallagher, J.D.
Interim Vice Chancellor - Human Resources

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Foundation for Grossmont and Cuyamaca Colleges	Sally Cox, Chief Executive Officer	Organized as an auxiliary organization on March 1, 2000 and merged with the Grossmont-Cuyamaca Community College District Auxiliary Organization on August 21, 2019 (date filed with Secretary of State). Has a master agreement dated January 1, 2020.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Total Program Expenditures	District Auxiliary Passthrough
U.S. DEPARTMENT OF EDUCATION				
Direct Programs				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity	84.007	P007A175284	$ 1,010,993	$ -
Direct Loans	84.268	P268K141140	645,392	-
Federal Work Study	84.033	P063P111140	38,881	-
Federal Pell Grant	84.063	P033A150399	30,775,673	-
Financial Aid Administrative Allowance	84.007	*	115,825	-
Total Student Financial Aid Cluster			32,586,764	-
Title III STEM Guided Pathway	84.031C	P031C160231	753,899	222,593
Title V - Hispanic Serving Institutions	84.031S	P031S150052	218,142	99,133
Title V - HSI (The Pathway Academy)	84.031S	P031S160149-17	284,125	140,941
Higher Education Emergency Relief Funds				
COVID-19 HEERF Institutional Portion	84.425F	P425F201346/349	17,631,987	-
COVID-19 HEERF Minority Serving Institutions	84.425L	P425L200159/160	1,288,258	-
Total Higher Education Emergency Relief Funds			18,920,245	-
Passed through the California Community Colleges Chancellor's Office				
Career and Technical Education				
CTE Perkins IC	84.048	*	952,420	-
CTE IB - Regional Consortium	84.048	*	100,000	100,000
CTE IB JSPAC	84.048	*	150,000	150,000
Total Career and Technical Education			1,202,420	250,000
American Rescue Plan				
ARP Institutional	84.425F	*	632,830	-
ARP MSI	84.425L	*	245,003	-
Total American Rescue Plan			877,833	-
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the California Department of Education				
Childcare Food Program	10.558	*	42,815	-
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct Programs				
California Dept. of Public Health Bi National Border	93.069	*	590,613	590,613
Foster Care Education (Federal & State)	93.658	*	352,747	352,747
Headstart	93.600	*	390,710	13,667
Head Start - CRRSAA funds	93.600	*	2,423	2,423
TANF	93.558	*	143,956	-
U.S. DEPARTMENT OF VETERAN'S AFFAIRS				
Direct Programs				
Veteran's Education	64.000	*	2,598	-
Veteran's Resource Center Allocation	64.000	*	243,104	64,629
Total Federal Expenditures			$ 56,612,394	$ 1,736,746

See note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Total	
Program	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures	Auxiliary Passthrough
2021-22 Student Housing Feasibility	$ -	$ 310,000	$ -	$ 310,000	$ 75,000	$ -
2021 Immediate Action Budget Package	1,903,889	-	1,785,389	118,500	118,500	-
AB104 Adult Ed	8,816,589	-	-	8,816,589	8,816,589	8,816,589
AB19 CA College Promise	1,500,246	-	464,894	1,035,352	1,035,352	-
Basic Needs Centers and Support Staff	1,028,295	-	995,079	33,216	33,216	23,783
Basic Skills 20/21	725,768	-	-	725,768	725,768	-
Basic Skills 21/22	1,005,761	-	714,896	290,865	290,865	-
Board of Governors Grant - BFAP	956,227	-	-	956,227	956,227	-
CAFYES (NextUp)	834,403	-	257,557	576,846	576,846	-
CalWORKS	2,208,817	-	668,670	1,540,147	1,540,147	17,248
Campus Safety & Sexual Assault	1,557	-	-	1,557	1,557	-
CCCCO COVID-19 Blk Grt - State	987,438	-	-	987,438	987,438	-
CC/MiraCosta Region Netlabs	40,000	-	20,000	20,000	20,000	-
CDC AB131 Stipends	40,700	-	40,700	-	-	-
Classified Profl Development Blk Grant	78,001	-	78,001	-	-	-
College Futures Foundation	158,000	-	112,269	45,731	45,731	-
Cooperative Agencies Resources for Education (CARE)	547,533	-	168,890	378,643	378,643	19,124
County Foster & Adoptive Parent	203,598	953	-	204,551	204,551	204,551
CTE Strong Workforce 19/20	2,091,141	-	-	2,091,141	2,091,141	1,432,833
Culturally Competent Faculty PD	100,870	-	100,870	-	-	-
Cyber Patriot Program	1,570	-	-	1,570	1,570	-
Disabled Students Programs & Services (DSPS)	3,035,270	-	724,064	2,311,206	2,311,206	-
Disaster Relief Emergency SFA	74	-	-	74	74	-
Dream Resource Liaison Allocation	284,066	-	168,213	115,853	115,853	-
Enrollment Growth & Retention	215,188	-	890	214,298	214,298	159,781
Extended Opportunity Program (EOPS)	3,022,871	-	822,598	2,200,273	2,200,273	-
Financial Aid Technology	317,221	-	177,301	139,920	139,920	-
Foster Care Education (State portion)	565,241	-	17,910	547,331	580,586	580,586
General Child Care	801,613	157,414	21,498	937,529	937,529	-
Guided Pathways	1,566,116	-	976,442	589,674	589,674	254,649
Health DSN	102,761	-	-	102,761	102,761	102,761
Hunger Free Campus	57,187	-	-	57,187	57,187	-
IEPI Partnership Resource Team	310,845	-	174,109	136,736	136,736	31,639
Incarcerated Students Reentry Program	72,097	-	-	72,097	72,097	-
K-12 Strong Workforce	20,670,510	-	5,147,965	15,522,545	15,522,545	15,522,545
LGBTQ+ Allocation	144,031	-	144,031	-	-	-
LSP Operational Services	17,919	-	17,919	-	-	-
Mental Health Support Allocation	436,971	-	413,348	23,623	23,623	-
Middle College HS	71,000	-	67,360	3,640	3,640	-
Pathway Navigation	254,067	-	45,753	208,314	208,314	-
Prop 20 Lottery Funds	1,430,930	-	-	1,430,930	683,869	-
Regional Collaboration & Coordination	-	595,828	-	595,828	595,828	595,828
Staff Development	21,906	-	12,565	9,341	9,341	-
Staff Diversity	299,941	-	259,096	40,845	40,845	-
State Block Grants	8,107,721	-	2,283,579	5,824,142	5,824,142	-
Strong Workforce 20/21	9,933,720	-	274,324	9,659,396	9,659,396	8,882,859
Strong Workforce 21/22	12,207,711	-	11,758,643	449,068	449,068	211,199
Student Equity	2,687,128	-	863,606	1,823,522	1,823,522	49,972
Student Success & Support	5,896,132	-	1,497,255	4,398,877	4,398,877	81,515
Student Success Completion Grant	2,134,605	-	238,885	1,895,720	1,895,720	-
SWF Advance Manufacturing	27,500	-	-	27,500	27,500	2,617
SWP College-Based Marketing	190,451	-	6,538	183,913	183,913	-
SW Sector Engagement	38,000	-	102	37,898	37,898	-
Temp Assistance to Needy Families-TANF (State 50%)	74,854	69,097	-	143,951	143,951	-
Umoja Community Education Foundation	13,114	-	10,590	2,524	2,524	-
Veteran Resource Center Grant	38,593	104,918	-	143,511	143,511	93,259
Total	$ 98,277,757	$ 1,238,210	$ 31,531,799	$ 67,984,168	$ 67,035,362	$ 37,083,338

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2022

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	-	-	-
2. Credit	966.95	-	966.95
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	0.38	-	0.38
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,237.85	-	4,237.85
(b) Daily Census Contact Hours	289.81	-	289.81
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	24.14	-	24.14
(b) Credit	354.04	-	354.04
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,398.69	-	4,398.69
(b) Daily Census Contact Hours	2,114.81	-	2,114.81
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	12,386.67	-	12,386.67
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	712.41	-	712.41
2. Noncredit	-	-	-
Total Basic Skills FTES	712.41	-	712.41

See note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 21,120,046	$ -	$ 21,120,046	$ 21,120,046	$ -	$ 21,120,046
Other	1300	16,829,220	-	16,829,220	17,179,148	-	17,179,148
Total Instructional Salaries		37,949,266	-	37,949,266	38,299,194	-	38,299,194
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	6,575,203	-	6,575,203
Other	1400	-	-	-	580,080	-	580,080
Total Non-Instructional Salaries		-	-	-	7,155,283	-	7,155,283
Total Academic Salaries		37,949,266	-	37,949,266	45,454,477	-	45,454,477
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	18,541,454	-	18,541,454
Other	2300	-	-	-	679,892	-	679,892
Total Non-Instructional Salaries		-	-	-	19,221,346	-	19,221,346
Instructional Aides							
Regular Status	2200	1,866,911	-	1,866,911	2,157,751	-	2,157,751
Other	2400	93,442	-	93,442	235,014	-	235,014
Total Instructional Aides		1,960,353	-	1,960,353	2,392,765	-	2,392,765
Total Classsified Salaries		1,960,353	-	1,960,353	21,614,111	-	21,614,111
Employee Benefits	3000	19,496,430	-	19,496,430	34,584,714	-	34,584,714
Supplies and Materials	4000	-	-	-	852,211	-	852,211
Other Operating Expenses	5000	-	-	-	11,621,373	-	11,621,373
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		59,406,049	-	59,406,049	114,126,886	-	114,126,886
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	871,174	-	871,174	871,174	-	871,174
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	6,289	-	6,289
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	934,990	-	934,990
Object to Exclude							
Rents and Leases	5060	-	-	-	44,680	-	44,680
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	2,078,531	-	2,078,531
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	1,010,951	-	1,010,951
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 871,174	$ -	$ 871,174	$ 4,946,615	$ -	$ 4,946,615
Total for ECS 84362, 50% Law		$ 58,534,875	$ -	$ 58,534,875	$ 109,180,271	$ -	$ 109,180,271
Percent of CEE (Instructional Salary Cost/Total CEE)		53.61%	0.00%	53.61%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 54,590,136	$ -	$ 54,590,136

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

EPA Revenue	$ 33,901,587

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 33,901,587	$ -	$ -	$ 33,901,587
Total		$ 33,901,587	$ -	$ -	$ 33,901,587

See note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Total Fund Equity - District Funds Included in the Reporting Entity		
General Fund	$ 50,803,090	
Debt Service Fund	29,839,458	
Special Revenue Funds	2,033,542	
Capital Project Funds	134,190,077	
Internal Service Fund	10,588,320	
Student Financial Aid Fund	382,930	
Other Funds	1,444,846	$ 229,282,263
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	$ 544,306,537	
Accumulated depreciation	(140,515,220)	403,791,317
Unmatured Interest		(5,153,681)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		4,405,182
Deferred outflows related to OPEB		1,381,603
Deferred outflows related to pensions		21,884,564
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	$ 464,883,083	
Compensated absences	4,701,357	
Net OPEB liability	10,678,780	
Net pension liability	76,022,947	(556,286,167)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred charge on refunding		(1,208,498)
Deferred inflows related to OPEB		(2,195,404)
Deferred inflows related to pensions		(53,098,755)
Net Assets Reported Within the Statements of Net Position		$ 42,802,424

See note to supplementary information.

NOTE 1 – PURPOSE OF THE SCHEDULE

District Organization

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

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*.

Expenditures reported on this schedule are reported on the modified basis of accounting. 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.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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 financial statements.

Schedule of Workload Measures for State General Apportionment

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule reports any audit adjustments made to the reported date to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

Reconciliation of the Education Protection Account Expenditures

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

Reconciliation of Fund Equity to Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis requited under GASB Statement No. 35.

OTHER INDEPENDENT AUDITORS’ REPORTS

CWDL

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

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Grossmont-Cuyamaca Community College District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Grossmont-Cuyamaca Community College District's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered Grossmont-Cuyamaca Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grossmont-Cuyamaca Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Grossmont-Cuyamaca Community College 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 entity'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 weakness 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grossmont-Cuyamaca Community College District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2022

CWDL

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

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grossmont-Cuyamaca Community College District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Grossmont-Cuyamaca Community College District's major federal programs for the year ended June 30, 2022. Grossmont-Cuyamaca Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Grossmont-Cuyamaca Community College 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Grossmont-Cuyamaca Community College District's compliance based on our audit

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2022

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on State Compliance

We have audited Grossmont-Cuyamaca Community College District's compliance with the types of compliance requirements described in *the California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* 2021-22.

Auditors' Responsibilities for the Audit of Compliance

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 to above. 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 *California Community Colleges Chancellor's Office Contracted District Audit Manual 2021-22*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<u>Procedures Performed</u>

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2022

FINDINGS AND QUESTIONED COSTS

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.425E, 84.425F, 84.425L	Higher Education Emergency Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,698,372
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

Section II — Financial Statement Findings

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

There were no financial statement findings identified during 2021-22.

Section III – Federal Award Findings and Questioned Costs

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

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

Section IV – State Award Findings and Questioned Costs

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

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no findings or questioned costs identified during 2020-21