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VICTOR VALLEY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

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VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Victor Valley Community College District
Victorville, California

Report on Audit of Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Victor Valley 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.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

Deputy Superintendent/ Executive Vice President | Administrative Services

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(760) 245-4271, x2464

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VICTOR VALLEY COMMUNITY COLLEGE

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs and financial condition of Victor Valley Community College District (the District) as of June 30, 2023. The report consists of three basic financial statements: the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Victor Valley Community College District was established in 1961 and serves the County of San Bernardino and a small portion of the County of Los Angeles. Students in our college may complete the freshman and sophomore years of a baccalaureate degree and transfer to upper division study at a university, complete an associate degree or a certificate program and move directly into the workforce.

OVERVIEW OF THE FINANCIAL STATEMENTS

Victor Valley Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. The statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one combined financial statement versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long- term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

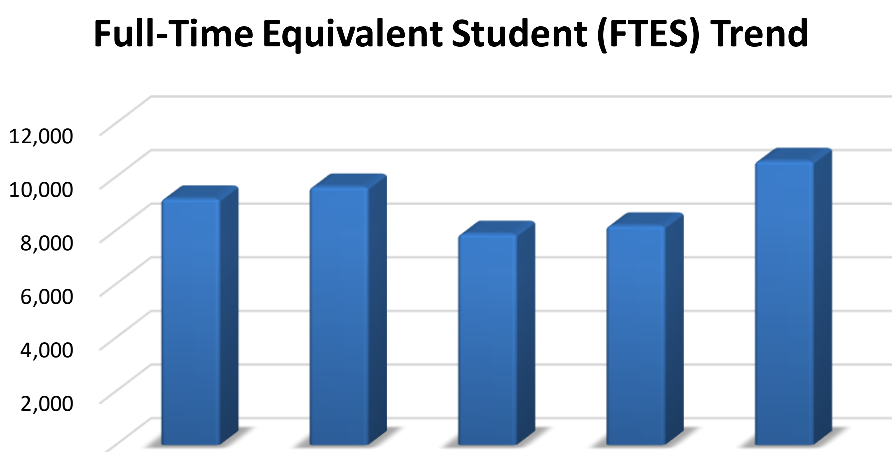
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

This section provides condensed information for each of the three basic financial statements, as well as illustrative charts and tables.

The District's Operating Revenue increase reflected on page 8 was primarily due to a increases in state and federal grants and contracts. The college maintained its basic allocation as a mid-size college. Due to the State's COVID-19 Emergency Conditions Allowance Funding program the total funded workload (as of the 2022-2023 Second Period Apportionment Report) was 9,635. This program has allowed the District to receive funding for the same workload during the COVID-19 Pandemic that was received for Fiscal Year 2019-2020. However, due to the increased enrollment above the Emergency Conditions Allowance Funding program, the District requested to opt out of that program to allow for the District to potentially receive growth funding for the additional workload generated above 9,635 FTES. It is anticipated that the District will receive additional apportionment funding for FY 2022-23 as a result of the recalculation apportionment report due in February 2024.

The District's primary funding is based upon an apportionment allocation made by the State of California Community Colleges Chancellor's Office. The primary basis for the Chancellor's apportionment calculation is the District's reporting of FTES. Below is the District's five-year trend for FTES:



	2018-19	2019-20	2020-21	2021-22	2022-23
FTES	9,191	9,635	7,876	8,185	10,596

Once the Chancellor's Office calculates the District's base apportionment, it reduces the net amount to be distributed by the amount of property taxes and enrollment fees expected to be paid directly to the District. The matrix below lists the three components and illustrates the net effect of the changes. Overall, total apportionment increased by $11.7 million.

	2023	2022	Difference
Property tax	$ 19,853,641	$ 16,684,440	$ 3,169,201
Tuition and fees	5,170,323	3,762,276	1,408,047
Apportionment	58,978,883	51,898,558	7,080,325
Total	$ 84,002,847	$ 72,345,274	$ 11,657,573

Selected Highlights

At June 30, 2023 the value of the District's Other Postemployment Benefits (OPEB) irrevocable trust was $14.3 million, and the District's GASB Statement No. 75 OPEB liability is 95.6% funded according to the District's most recent actuarial valuation report.

Statement of Net Position

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

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022	Change
Current assets	$ 156,770,673	$ 127,878,104	$ 28,892,569
Non-current assets	174,337,352	152,248,605	22,088,747
Deferred outflow of resources	35,221,889	29,044,535	6,177,354
Total Assets and Deferred Outflows of Resources	366,329,914	309,171,244	57,158,670
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	65,014,589	43,701,882	21,312,707
Non-current liabilities	271,035,730	253,336,835	17,698,895
Deferred inflows of resources	14,355,431	34,918,656	(20,563,225)
Total Liabilities and Deferred Inflows of Resources	350,405,750	331,957,373	18,448,377
NET POSITION			
Invested in capital assets, net of related debt	(14,710,883)	(21,326,999)	6,616,116
Restricted	23,625,900	27,460,389	(3,834,489)
Unrestricted	7,009,147	(28,919,519)	35,928,666
Total Net Position	$ 15,924,164	$ (22,786,129)	$ 38,710,293

The difference between total assets, deferred outflows of resources and total liabilities, deferred inflows of resources, is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. The District's net position increased from last year by $38.7 million for the fiscal year ending June 30, 2023. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation.

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

- Approximately 76.9% of the cash and investments balance is cash deposited in the San Bernardino County Treasury Pool. All funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and the return on investment. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash.

- Capital assets had a net balance of $168.2 million. Depreciation expense of $4.9 million was recognized during 2022-2023.

- Accounts payable in the amount of $23.9 million are amounts due as of the fiscal year-end for goods and services received as of June 30, 2023. Interest payable accruals total $2.3 million. Other current liabilities in the amount of $38.8 million related mainly to unearned revenues and the current portion of bonds payable, early retirement incentive, and capital leases; noncurrent liabilities in the amount of $271.0 million include noncurrent portions for compensated absences, general obligation bonds, lease liabilities, the net OPEB liability and the aggregate net pension liability have been recognized for the year ended June 30, 2023.

- The District currently has $209.5 million outstanding related to the issuance of general obligation debt. Additional information regarding long-term debt is included in the Long-Term Liabilities section of this discussion and analysis.

- As of June 30, 2023, the aggregate net pension liability was $59.9 million.

Statement of Revenues, Expenses, and Changes in Net Position

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

	2023	2022	Change
OPERATING REVENUES			
Tuition and fees (net)	$ 5,170,323	$ 3,762,276	$ 1,408,047
Grants and contracts	56,479,443	19,949,514	36,529,929
Auxiliary enterprise sales, net	4,548,599	1,045,229	3,503,370
Total Operating Revenues	66,198,365	24,757,019	41,441,346
OPERATING EXPENSES			
Salaries and benefits	72,686,946	65,262,373	7,424,573
Supplies, materials, and other operating expenses	26,527,335	22,383,794	4,143,541
Financial aid	50,303,670	32,146,917	18,156,753
Depreciation and amortization	6,531,472	5,470,120	1,061,352
Total Operating Expenses	156,049,423	125,263,204	30,786,219
Operating Loss	(89,851,058)	(100,506,185)	10,655,127
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	58,978,883	51,898,558	7,080,325
Local property taxes, noncapital	19,853,641	16,684,440	3,169,201
State taxes and other revenues, noncapital	14,877,586	12,164,781	2,712,805
Federal grants and contracts	31,112,541	23,358,299	7,754,242
Investment income	1,371,270	1,655,738	(284,468)
Other non-operating revenues	2,057,252	3,553,956	(1,496,704)
Total Non-Operating Revenues (Expenses)	128,251,173	109,315,772	18,935,401
OTHER REVENUES (EXPENSES)			
Local property taxes and revenues, capital	9,094,577	9,350,439	(255,862)
Interest and investment income, capital	(2,358,525)	959,063	(3,317,588)
Interest expense and costs of issuing capital asset-related debt	(9,530,735)	(12,011,155)	2,480,420
Local revenues, capital	3,104,861	2,639,240	465,621
Total Other Revenues (Expenses)	310,178	937,587	(627,409)
Change in Net Position	38,710,293	9,747,174	28,963,119
NET POSITION -- BEGINNING OF YEAR	(22,786,129)	(32,562,402)	9,776,273
PRIOR PERIOD ADJUSTMENT	-	29,099	(29,099)
NET POSITION -- END OF YEAR	$ 15,924,164	$ (22,786,129)	$ 38,710,293

The schedule above has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. State general apportionment, while budgeted for operations, is considered nonoperating revenues, according to the Governmental Accounting Standards Board's prescribed reporting format.

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

- Tuition and fees are generated by the resident, non-resident, and foreign student fees paid by the students attending Victor Valley Community College, including fees such as parking fees, community services classes, and other related fees.

- Non-capital grants and contracts are primarily those received from Federal and State sources used in the instructional and non-instruction programs of the District.

- State apportionment is generated based on the Student Centered Funding Formula (SCFF). The primary component for the SCFF for 2022-2023 was workload measures reported to the State by the District. The District has experienced an increase in FTES in the 2022-2023 fiscal year of 29.2%.

- Local property taxes are received through the Auditor-Controller's Office for San Bernardino and Los Angeles Counties. The amount received for property taxes is deducted from the total State general apportionment amount calculated by the State for the District.

Total operating expenses increased by $30.9 million. The net increase is comprised of three parts:

1. Salaries and benefits increased by $7.4 million;
2. Supplies, maintenance, and other operating expenses increased by $4.1 million;
3. Payments to students increased by $18.3 million.

Operating expenses are 46.5% related to personnel costs. The balance of operating expenses is for supplies, materials, other operating expenses, financial aid, utilities, and depreciation expense.

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received.

The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

CASH PROVIDED BY (USED IN)	**2023**	**2022**	**Change**
Operating activities	$ (76,812,551)	$ (81,937,978)	$ 5,125,427
Noncapital financing activities	126,876,546	107,770,836	19,105,710
Capital and related financing activities	(28,897,169)	(9,241,294)	(19,655,875)
Investing activities	(1,865,440)	1,021,495	(2,886,935)
Net Increase (Decrease) in Cash and Cash Equivalents	19,301,386	17,613,059	1,688,327
CASH -- BEGINNING OF YEAR	96,877,386	79,264,327	17,613,059
CASH -- END OF YEAR	$ 116,178,772	$ 96,877,386	19,301,386

The primary operating activities contributing to cash flow are student tuition and fees, while the primary operating activity using cash flow throughout the year is the payment of salaries and benefits.

Even though State apportionment, property taxes, Federal, State, and local grants and contracts are the primary source of non-capital related revenue (and cash flow), GASB accounting standards require that these sources of revenue be shown as nonoperating revenue, since they come from general resources of the Federal and State government and not from the primary users of the college's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

Cash flow used in operating activities increased by $4.9 million during fiscal year 2022-2023.

Property tax revenue, State apportionment, and grants and contracts account for approximately 86.6% of the non-capital financing activities.

The primary use included in capital and related financing activities is the proceeds from capital debt and the purchase of capital assets (building improvements, construction in progress, equipment, etc.).

Cash from investing activities is mainly interest earned on cash in bank and cash invested through the San Bernardino County Investment Pool and the Guaranteed Investment Contract (GIC) with American General Life Insurance Company.

Functional Expenses Classification

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salaries and Employee Benefits	Supplies, Materials, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 36,297,464	$ 4,282,175	$ 4,640	$ -	$ 40,584,279
Academic support	4,996,428	590,788	-	-	5,587,216
Student services	12,776,600	2,675,893	7,742,564	-	23,195,057
Plant operations and maintenance	2,394,096	3,295,337	-	-	5,689,433
Instructional support services	13,324,094	11,913,584	11,423,727	-	36,661,405
Community services and economic development	721,110	295,705	3,040	-	1,019,855
Ancillary services and auxiliary operations	2,177,154	3,473,853	-	-	5,651,007
Student aid	-	-	31,129,699	-	31,129,699
Depreciation and amortization expense	-	-	-	6,531,472	6,531,472
Total	$ 72,686,946	$ 26,527,335	$ 50,303,670	$ 6,531,472	$ 156,049,423

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of District retirees. 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 these assets cannot be used to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

At June 30, 2023, the District had total capital assets of $258.1 million consisting of land, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other office equipment. These assets have accumulated depreciation of $90.0 million.

Capital additions consist primarily of replacement, renovation, and new construction of facilities, as well as significant investments in equipment, including information technology. Current year additions were funded with a combination of special categorical, unrestricted general fund dollars, and capital outlay appropriations.

Note 8 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	2023	**2022**	**Change**
Capital Assets not being depreciated	$ 37,845,908	$ 24,373,959	$ 13,471,949
Capital Assets being depreciated	220,302,353	206,960,936	13,341,417
Accumulated depreciation	(89,975,903)	(85,162,047)	(4,813,856)
Total Capital Assets	$ 168,172,358	$ 146,172,848	$ 21,999,510

Long-Term Liabilities

At June 30, 2023, the District had $280.9 million in total long-term liabilities. The District was successful in passing a bond measure before the voters in November 2008. The general obligation bond was used in part to retire the outstanding certificates of participation debt.

Notes 9-10 and Note 12 of the financial statements provides additional information on long- term liabilities. A summary of long- term liabilities is presented below.

	2023	2022	Change
General Obligation Bonds	$ 209,495,115	$ 209,178,132	$ 316,983
Lease liability	4,881,536	6,361,759	(1,480,223)
Software lease liability	2,660,759	-	2,660,759
Compensated absences	1,969,755	1,778,295	191,460
Early retirement incentive	1,448,716	2,173,074	(724,358)
Net OPEB liability (asset)	608,780	(1,731,635)	2,340,415
Net pension liability	59,852,168	40,287,592	19,564,576
Total Long-term Liabilities	$ 280,916,829	$ 258,047,217	$ 22,869,612

BUDGETARY HIGHLIGHTS

At the time the 2022-2023 budget was developed, the following assumptions were made:

- The 2022-2023 California State Budget made a substantial recovery from the overestimated deficit projected in the prior year at the beginning stages of the COVID-19 Pandemic. In fact the 2021-2022 State Budget included an increase of over $3.5 billion to the California Community Colleges System's budget using both on-going and one-time funding sources.

- The 2022-2023 State Budget included funding for a Cost of Living Allowance (COLA) increase of 6.56% for the Student Centered Funding Formula (SCFF) and smaller COLA amounts for various other state programs.

- The District continued to focus on recovering lost Full-Time Equivalent Students (FTES) due to the pandemic.

- The District's budget was balanced without the need to use a portion of the 2021-2022 unrestricted ending balance funds.

- In September of 2022 the Board of Trustees approved a modification to Board Policy 6200-Budget Preparation that increased the mandated minimum reserve for the unrestricted general fund to 16.7%.

ECONOMIC FACTORS

With the State focus on recovery from the COVID-19 Pandemic Emergency, the District received additional funding to assist in strategies to re-engage the students lost during the pandemic and recruit new students to build back enrollments. (Add) The additional funding and strategies implemented in FY 2022-23 resulted in increased enrollments for the year and appear to be responsible for a positive future enrollment growth trend for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 questions about this report or need any additional financial information, contact the: Office of Fiscal Services, Victor Valley Community College District, 18422 Bear Valley Road, Victorville, California 92395-5850.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS		
Current Assets:		
Cash and cash equivalents	$	116,178,772
Investments		28,819,796
Accounts receivable, net		10,080,396
Inventory		1,148,793
Prepaid expenditures and other assets		542,916
Total Current Assets		156,770,673
Noncurrent Assets:		
Lease receivable		1,110,561
Right-of-use assets, net		5,054,433
Capital assets, net		168,172,358
Total Noncurrent Assets		174,337,352
TOTAL ASSETS		331,108,025
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding		11,757,460
Deferred outflows - OPEB		3,455,519
Deferred outflows - pensions		20,008,910
TOTAL DEFERRED OUTFLOWS OF RESOURCES		35,221,889
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	366,329,914
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	23,919,933
Accrued interest		2,254,344
Unearned revenue		28,959,213
Long-term debt, current portion		9,881,099
Total Current Liabilities		65,014,589
Noncurrent Liabilities:		
Net OPEB liability		608,780
Net pension liability		59,852,168
Long-term debt, non-current portion		210,574,782
Total Noncurrent Liabilities		271,035,730
TOTAL LIABILITIES		336,050,319
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases		666,220
Deferred inflows related to OPEB		1,007,520
Deferred inflows related to pensions		12,681,691
TOTAL DEFERRED INFLOWS OF RESOURCES		14,355,431
NET POSITION		
Net investment in capital assets		(14,710,883)
Restricted for:		
Debt service		9,788,774
Capital projects		5,314,971
Educational programs		618,702
Other special purpose		7,903,453
Unrestricted		7,009,147
TOTAL NET POSITION		15,924,164
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	366,329,914

See accompanying notes to financial statements.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Tuition and fees (gross)	$ 11,099,445
Less: Scholarship discounts and allowances	(5,929,122)
Net tuition and fees	5,170,323
Grants and contracts, noncapital:	
Federal	22,017,631
State	34,151,001
Local	310,811
Auxiliary enterprise sales, net	4,548,599
TOTAL OPERATING REVENUES	66,198,365
OPERATING EXPENSES	
Salaries	51,971,243
Employee benefits	20,715,703
Supplies, materials, and other operating expenses	26,527,335
Financial aid	50,303,670
Depreciation and amortization	6,531,472
TOTAL OPERATING EXPENSES	156,049,423
OPERATING LOSS	(89,851,058)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	58,978,883
Local property taxes, noncapital	19,853,641
State taxes and other revenues, noncapital	14,877,586
Federal and State financial aid grants	31,112,541
Interest and investment income (loss), noncapital	1,371,270
Other non-operating income	2,057,252
TOTAL NON-OPERATING REVENUES	128,251,173
GAIN BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	38,400,115
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
Local property taxes and revenues, capital	9,094,577
Interest and investment income (loss), capital	(2,358,525)
Interest expense, capital	(9,530,735)
Local revenues, capital	3,104,861
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	310,178
CHANGE IN NET POSITION	38,710,293
NET POSITION -- BEGINNING OF YEAR	(22,786,129)
NET POSITION -- END OF YEAR	$ 15,924,164

See accompanying notes to financial statements.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 5,170,323
Grants and contracts	60,851,003
Payments to or on behalf of employees	(78,009,698)
Payments to vendors for supplies and services	(19,069,108)
Payment to students	(50,303,670)
Internal sales and charges	4,548,599
Net Cash Provided (Used) by Operating Activities	(76,812,551)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	58,978,883
Local property taxes	19,853,641
State taxes and other revenues	14,877,586
Federal and State financial aid grants	31,112,541
Other non-operating revenues	2,053,895
Net Cash Provided (Used) by Non-capital Financing Activities	126,876,546
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net purchase and sale of capital assets	(26,872,615)
Local property taxes on capital related debt	9,094,577
Local revenue, capital	3,104,861
Interest earned on capital related debt	(2,358,525)
Principal paid on capital debt	(6,401,080)
Interest paid on capital debt	(5,464,387)
Net Cash Used by Capital and Related Financing Activities	(28,897,169)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income (expense)	(1,865,440)
Net Cash Provided (Used) by Investing Activities	(1,865,440)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,301,386
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	96,877,386
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 116,178,772

See accompanying notes to financial statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(89,851,058)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and amortization expense		6,531,472
Changes in Assets and Liabilities:		
Accounts receivable, net		(5,646,162)
Inventory		(165,694)
Prepaid expenditures		(542,617)
Net OPEB asset		2,340,415
Deferred outflows - pensions		(4,597,931)
Deferred outflows - OPEB		(1,579,423)
Accounts payable and accrued liabilities		8,166,538
Deferred revenue		10,017,722
Compensated absences and load banking		191,460
Early retirement incentive		(724,358)
Net pension liability		19,564,576
Deferred inflows - pensions		(19,135,173)
Deferred inflows - OPEB		(1,382,318)
Total Adjustments		13,038,507
Net Cash Flows From Operating Activities	$	(76,812,551)
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash in county treasury	$	111,543,718
Cash and cash equivalents		4,635,054
Total Cash and Cash Equivalents	$	116,178,772

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Retiree OPEB Trust
ASSETS	
Investments	$ 14,257,215
NET POSITION	
Restricted for postemployment benefits other than pensions	$ 14,257,215

See accompanying notes to financial statements.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

ADDITIONS		
Interest and investment income	$	575,282
Net realized and unrealized gains (losses)		425,547
Total Additions		1,000,829
DEDUCTIONS		
Benefits payments		
Administrative expenses		100,421
Total Deductions		100,421
CHANGE IN NET POSITION		900,408
NET POSITION -- BEGINNING OF YEAR		13,356,807
NET POSITION -- END OF YEAR	$	14,257,215

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

Victor Valley Community College District (the District) was established in 1961 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected 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 Funds, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college located in Victorville, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provision of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted accounting policies 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, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District has identified no component units.

Basis of Accounting

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

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

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

Inventories
Inventories consist of bookstore merchandise held for resale to the students and faculty of the college. Inventories are stated at the lower of cost or market on an average basis. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Intangible Right of Use Assets
The District has recorded intangible right of use assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 39 years; site improvements, 20 years; machinery and equipment, 5 to 20 years; vehicles, 8 years.

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

Compensated Absences

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Noncurrent Liabilities
Noncurrent liabilities include general obligation bonds payable, capital leases, compensated absences, early retirement incentive, the net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $23,625,900 of restricted net position and the fiduciary funds financial statements report $14,257,215 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

State Apportionments

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

Property Taxes

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

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

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d)terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 4,295,054	$ -
Cash in revolving	340,000	-
Investments	140,363,514	14,257,215
Total Deposits and Investments	$ 144,998,568	$ 14,257,215

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

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.

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

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
San Bernardino County Investment Pool	$ 111,543,718	539 days	AAAf/S1
Guaranteed Investment Contract (GIC)	22,805,947	No maturity	Not rated
Mutual Funds	20,271,064	No maturity	Not rated
Total	$ 154,620,729		

Concentration of Credit Risk
The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California *Government Code*. Investments in any one issuer that represent 5% or more of the total investments are the Guaranteed Investment Contract (GIC) with American General Life Insurance Company which represents 14.7%.

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance was fully insured.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023 the District's investment balance of $43.1 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 4 – FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized – Investments not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net value per share.

NOTE 4 – FAIR VALUE MEASUREMENTS, continued

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs	Uncategorized
Guaranteed Investment Contract (GIC)	$ 22,805,947	$ -	$ 22,805,947
Mutual Funds	20,271,064	20,271,064	-
Total	$ 43,077,011	$ 20,271,064	$ 22,805,947

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

NOTE 5 – ACCOUNTS RECEIVABLE

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

	Primary Government
Federal Government	
Categorical aid	$ 3,938,005
State Government	
Categorical aid	2,190,403
Lottery	1,078,994
Local Sources	
Other local sources	2,505,688
Subtotal	9,713,090
Student receivables	367,306
Total receivables, net	$ 10,080,396

NOTE 6 – LEASE RECEIVABLE

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 44,104	$ 43,328	$ 87,432
2025	45,901	41,531	87,432
2026	47,771	39,661	87,432
2027	49,717	37,715	87,432
2028	31,372	36,060	67,432
2029-2033	154,563	162,597	317,160
2034-2038	188,721	128,439	317,160
2039-2043	180,590	73,138	253,728
2044-2048	211,867	41,861	253,728
2049-2051	155,955	7,910	253,728
Total	$ 1,110,561	$ 562,469	$ 1,305,208

The District leases space on its campuses to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance. During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling $87,432. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Building	2	4.00%	1/1/09 - 6/30/2049	$ 87,423

NOTE 7 – INTANGIBLE RIGHT OF USE ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Intangible Right of Use Assets:				
Leased equipment	$ 13,019,832	$ -	$ -	$ 13,019,832
Leased buildings	639,633	-	-	639,633
Leased software	-	3,521,616	-	3,521,616
Total Intangible Right of Use Assets	13,659,465	3,521,616	-	17,181,081
Less Accumulated Amortization				
Leased equipment	10,169,786	740,654	-	10,910,440
Leased buildings	298,495	25,585	-	324,080
Leased software	-	892,128	-	892,128
Total Accumulated Amortization	10,468,281	1,658,367	-	12,126,648
Intangible Right of Use Assets, net	$ 3,191,184	$ 1,863,249	$ -	$ 5,054,433

NOTE 8 – CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets not being Depreciated				
Land	$ 11,888,758	$ -	$ -	$ 11,888,758
Construction in progress	12,485,201	20,505,486	7,033,537	25,957,150
Total Capital Assets not being Depreciated	24,373,959	20,505,486	7,033,537	37,845,908
Capital Assets being Depreciated				
Land improvements	25,584,623	12,617,574	-	38,202,197
Buildings and improvements	165,998,156	-	-	165,998,156
Furniture and equipment	15,378,157	783,092	59,249	16,102,000
Total Capital Assets being Depreciated	206,960,936	13,400,666	59,249	220,302,353
Total Capital Assets	231,334,895	33,906,152	7,092,786	258,148,261
Less Accumulated Depreciation				
Land improvements	10,431,254	919,472	-	11,350,726
Buildings and improvements	61,097,160	3,563,080	-	64,660,240
Furniture and equipment	13,633,633	390,553	59,249	13,964,937
Total Accumulated Depreciation	85,162,047	4,873,105	59,249	89,975,903
Net Capital Assets	$ 146,172,848	$ 29,033,047	$ 7,033,537	$ 168,172,358

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation bonds	$ 199,780,411	$ 4,680,654	$ 4,060,000	$ 200,401,065	$ 4,570,000
Bond premium	9,397,721	-	303,671	9,094,050	315,761
Lease liability	6,361,759	-	1,480,223	4,881,536	1,420,321
Software lease liability	-	3,521,616	860,857	2,660,759	880,904
Compensated absences	1,778,295	191,460	-	1,969,755	1,969,755
Early retirement incentive	2,173,074	-	724,358	1,448,716	724,358
Total	$ 219,491,260	$ 8,393,730	$ 7,429,109	$ 220,455,881	$ 9,881,099

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The capital lease payments will be made by the unrestricted general fund. The compensated absences and early retirement incentive will be paid by the fund for which the employee worked.

General Obligation Bonds Measure JJ

In November of 2008, the voters of the District approved Measure JJ, which allowed the District to issue $297,500,000 of general obligation bonds to upgrade, expand, and construct school facilities.

2008 General Obligation Bonds, Series C

In June 2009, the District issued $70,017,065 of the Victor Valley Community College District, 2008 General Obligation Bonds, Series C. The bonds issued included $16,135,000 of current interest serial bonds, $20,000,000 of current interest term bonds, $6,600,646 of capital appreciation serial bonds, with the capital appreciation bonds accreting to $27,000,000, $21,177,379 of capital appreciation term bonds, with capital appreciation bonds accreting to $248,200,000, and $6,104,040 of convertible capital appreciation term bonds, with a conversion value of $12,070,000. The bonds have a final maturity to occur on June 1, 2049, with interest rates from 3.17% to 7.20%. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization and equipping of certain District property and facilities. At June 30, 2023, the principal balance outstanding was $81,406,065.

2016 General Obligation Refunding Bonds, Series A

During April 2016, the District issued the 2016 General Obligation Refunding Bonds, Series A, in the amount of $50,840,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability.

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

The bonds have a final maturity to occur on August 1, 2044, with interest rates from 2.00% to 5.00%. The net proceeds of $57,241,998 (representing the principal amount of $50,840,000 plus premium on issuance of $6,401,998 from the issuance were used to advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series A, advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series C, and pay the costs associated with the issuance of the Series A refunding bonds. At June 30, 2023, the principal balance outstanding was $47,645,000. Unamortized premium received on issuance of the bonds amounted to $5,449,347 as of June 30, 2023.

2016 General Obligation Refunding Bonds, Series B

During April 2016, the District issued the 2016 General Obligation Refunding Bonds, Series B, in the amount of $38,960,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2031, with interest rates from 0.778% to 3.498%. The net proceeds of $38,960,000 from the issuance were used to advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series A, and pay the costs associated with the issuance of the Series B refunding bonds. At June 30, 2023, the principal balance outstanding was $29,920,000.

2016 General Obligation Refunding Bonds, Series C

During April 2016, the District issued the 2016 General Obligation Refunding Bonds, Series C, in the amount of $11,765,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2033, with an interest rate of 4.00%. The net proceeds of $13,262,395 (representing the principal amount of $11,765,000 plus premium on issuance of $1,497,395) from the issuance were used to advance refund, on a crossover basis, the outstanding balance of the District's outstanding 2008 General Obligation Bonds, Series B, and pay the costs associated with the issuance of the Series C refunding bonds. At June 30, 2023, the principal balance outstanding was $11,765,000. Unamortized premium received on issuance of the bonds amounted to $993,626 as of June 30, 2023.

2008 General Obligation Bonds, Series D

In May 2020 the District issued $31,490,000 of the Victor Valley Community College District, 2008 General Obligation Bonds, Series D. The bonds issued included $31,490,000 of current interest serial bonds. The bonds have a final maturity to occur on August 1, 2050, with interest rates from 3.00% to 4.00%. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization and equipping of certain District sites and facilities, and pay the costs associated with the issuance of the Series D bonds. At June 30, 2023 the principal balance outstanding was $29,665,000. Unamortized premium received on issuance of the bonds amounted to $2,651,077 as of June 30, 2023.

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

Debt Maturity

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Value	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
2009	6/1/2049	3.17-7.20%	$ 70,017,065	$ 77,180,411	$ 4,680,654	$ 455,000	$ 81,406,065
2016	4/1/2044	2.00-5.00%	50,840,000	48,490,000	-	845,000	47,645,000
2016	8/1/2031	0.778-3.498%	38,960,000	32,370,000	-	2,450,000	29,920,000
2016	8/1/2033	4.00%	11,765,000	11,765,000	-	-	11,765,000
2020	8/1/2050	3.00-4.00%	31,490,000	29,975,000	-	310,000	29,665,000
			$ 203,072,065	$ 199,780,411	$ 4,680,654	$ 4,060,000	$ 200,401,065

The 2008 General Obligation Bonds, Series C mature through 2050 as follows:

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2024	$ 121,089	$ 463,911	$ 829,813	$ 1,414,813
2025	132,347	582,654	829,813	1,544,814
2026	142,339	717,661	829,813	1,689,813
2027	148,740	856,260	829,813	1,834,813
2028	152,864	1,002,136	829,813	1,984,813
2029-2033	1,924,594	6,295,406	4,149,063	12,369,063
2034-2038	13,510,828	40,730,694	4,149,063	58,390,585
2039-2043	6,407,313	50,574,163	-	56,981,476
2044-2048	6,359,144	75,660,868	-	82,020,012
2049-2050	2,767,405	42,487,926	-	45,255,331
Accretion	49,739,402	(49,739,402)	-	-
Total	$ 81,406,065	$ 169,632,277	$ 12,447,191	$ 263,485,533

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

The 2016 General Obligation Refunding Bonds, Series A mature through 2045 as follows:

Year Ending June 30,	Principal	Current Interest	Total
2024	$ 935,000	$ 1,995,050	$ 2,930,050
2025	1,040,000	1,948,300	2,988,300
2026	1,145,000	1,896,300	3,041,300
2027	1,260,000	1,839,050	3,099,050
2028	1,385,000	1,776,050	3,161,050
2029-2033	5,890,000	7,803,300	13,693,300
2034-2038	-	7,198,000	7,198,000
2039-2043	20,130,000	4,550,200	24,680,200
2044-2045	15,860,000	1,268,800	17,128,800
Total	$ 47,645,000	$ 30,275,050	$ 77,920,050

The 2016 General Obligation Refunding Bonds, Series B mature through 2032 as follows:

Year Ending June 30,	Principal	Current Interest	Total
2024	$ 2,645,000	$ 929,312	$ 3,574,312
2025	2,845,000	868,345	3,713,345
2026	3,065,000	795,570	3,860,570
2027	3,300,000	711,957	4,011,957
2028	3,555,000	616,983	4,171,983
2029-2032	14,510,000	1,183,199	15,693,199
Total	$ 29,920,000	$ 5,105,366	$ 35,025,366

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

The 2016 General Obligation Refunding Bonds, Series C mature through 2034 as follows:

Year Ending June 30,	Principal	Current Interest	Total
2024	$ -	$ 470,600	$ 470,600
2025	-	470,600	470,600
2026	-	470,600	470,600
2027	-	470,600	470,600
2028	-	470,600	470,600
2029-2033	10,875,000	2,206,800	13,081,800
2034	890,000	35,600	925,600
Total	$ 11,765,000	$ 4,595,400	$ 16,360,400

The 2008 General Obligation Bonds, Series D mature through 2051 as follows:

Year Ending June 30,	Principal	Current Interest	Total
2024	$ 405,000	$ 1,185,650	$ 1,590,650
2025	-	1,169,450	1,169,450
2026	-	1,169,450	1,169,450
2027	-	1,169,450	1,169,450
2028	-	1,169,450	1,169,450
2029-2033	935,000	5,794,450	6,729,450
2034-2038	1,465,000	5,583,850	7,048,850
2039-2043	1,290,000	5,231,150	6,521,150
2044-2048	640,000	5,066,000	5,706,000
2049-2051	24,930,000	2,976,600	27,906,600
Total	$ 29,665,000	$ 30,515,500	$ 60,180,500

NOTE 9 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

Early Retirement Incentive

In June 2020, the District entered into a Supplementary Retirement Plan (SRP) to provide certain benefits to employees participating in the early retirement incentive program. The District will pay $2,897,432 on behalf of the retirees through 2025 in accordance with the following schedule:

Year Ending June 30,	Payament
2024	$ 724,358
2025	724,358
Total	$ 1,448,716

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	3	2.60%	12/1/2016 -8/1/2026	$ 271,210
Buildings	1	4.00%	10/14/2010 - 10/14/2015	$ 40,380
Energy Equipment	1	4.54%	9/11/2006 - 8/11/2026	$ 694,874
Software	5	2.40%	7/1/2022 - 8/27/2025	$ 941,695

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,420,321	$ 146,997	$ 1,567,318
2025	1,419,457	96,818	1,516,275
2026	1,273,863	51,824	1,325,687
2027	481,181	15,125	496,306
2028	29,585	10,795	40,380
2029-2033	167,015	34,885	201,900
2034-2036	90,114	4,107	94,221
Total	$ 4,881,536	$ 360,551	$ 5,242,087

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 880,904	$ 86,650	$ 967,554
2025	900,496	92,775	993,271
2026	879,359	99,743	979,102
Total	$ 2,660,759	$ 279,168	$ 2,939,927

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (ASSET)

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	$ 608,780	$ 3,455,519	$ 1,007,520	$ (621,326)

District Plan

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Benefit Trust Company.

Plan Membership
As of the June 30, 2022 valuation, the Plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	60
Active Employees	299
	359

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

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

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the California Teachers Association (CTA), the local California School Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, CTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2023, the District contributed $1,693,476 to the Plan, all of which was used for current premiums.

Investment Policy

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

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55.00%	4.25%
Real Estate Investment Trusts	4.00%	7.25%
All Domestic Equities	22.00%	7.25%
All International Equities	19.00%	7.25%

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was -18.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $608,780 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability of the District at June 30, 2023 were as follows:

Total OPEB liability	$ 13,965,587
Plan fiduciary net position	13,356,807
Net OPEB liability	$ 608,780
Plan fiduciary net position as a percentage of the total OPEB liability	96%

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.85%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

The discount rate was based on assumed long-term return on employer assets.

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study as of June 30, 2023.

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

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55.00%	4.25%
Real Estate Investment Trusts	4.00%	7.25%
All Domestic Equities	22.00%	7.25%
All International Equities	19.00%	7.25%

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2021	$ 14,719,436	$ 16,451,071	$ (1,731,635)
Changes for the year:			
Service cost	569,412	-	569,412
Interest	814,051	-	814,051
Employee contributions as Benefit Payments	-	1,693,476	(1,693,476)
Changes of assumptions	(92,148)	-	(92,148)
Expected investment income	-	959,193	(959,193)
Investment gains/losses	-	(3,944,250)	3,944,250
Administrative expense	-	(109,207)	109,207
Benefit payments	(1,693,476)	(1,693,476)	-
Net change	(753,849)	(3,094,264)	2,340,415
Balance June 30, 2022	$ 13,965,587	$ 13,356,807	$ 608,780

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

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

	Discount Rate 1% Lower (4.85%)	Current Discount Rate (5.85%)	Discount Rate 1% Higher (6.85%)
Net OPEB liability	$ 1,414,280	$ 608,780	$ (143,988)

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ (454,776)	$ 608,780	$ 1,823,413

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 1,869,144	$ -
Differences between expected and actual experience	1,449,322	413,243
Change in assumptions	137,053	594,277
	$ 3,455,519	$ 1,007,520

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 10 years. The deferred outflows/(inflows) will amortize as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2024	$ 543,190
2025	524,570
2026	495,147
2027	949,721
2028	49,983
Thereafter	(114,612)
	$ 2,447,999

NOTE 11 – RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000 per occurrence, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence, all subject to various deductibles.

Joint Powers Authority Risk Pools

During fiscal-year ended June 30, 2023, the District contracted with the Statewide Association of Community Colleges 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 a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022-2023, the District participated in the Protected Insurance Program for Schools and Colleges (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a 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. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits

The District has contracted with California Schools Employee Benefit Association (CSEBA) to provide employee medical benefits. CSEBA is a shared risk pool comprised of community colleges and school districts in California. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claim's flow. The Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 27,980,740	$ 8,949,116	$ 8,087,499	$ 1,774,752
CalPERS	31,871,428	11,059,794	4,594,192	3,505,243
Total	$ 59,852,168	$ 20,008,910	$ 12,681,691	$ 5,279,995

California State Teachers' Retirement System (CalSTRS) Plan Description

Plan Description

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

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

Benefits Provided

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

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $5,584,916.

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

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

District's proportionate share of the net pension liability	$	27,980,740
State's proportionate share of the net pension liability associated with the District		14,012,836
Total	$	41,993,576

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0403% and 0.0425%, respectively, resulting in a net decrease in the proportionate share of 0.0022%.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

For the year ended June 30, 2023, the District recognized pension expense of $1,774,752. In addition, the District recognized pension expense and revenue of $1,048,049 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 1,369,199
Differences between expected and actual experience	22,953	2,097,626
Changes in assumptions	1,386,605	-
Net changes in proportionate share of net pension liability	1,954,642	4,620,674
District contributions subsequent to the measurement date	5,584,916	-
Total	$ 8,949,116	$ 8,087,499

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven year. The deferred outflows/(inflows) will amortize to pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (825,917)
2025	(2,082,134)
2026	(3,167,053)
2027	1,738,092
2028	(290,046)
Thereafter	(96,241)
	$ (4,723,299)

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (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, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 47,521,674	$ 27,980,740	$ 11,755,889

California Public Employees' Retirement System (CalPERS) Plan Description

Plan Description

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

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

Benefits Provided

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $3,863,607.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $31,871,428. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0926% and 0.1031%, respectively, resulting in a net decrease in the proportionate share of 0.0105%.

For the year ended June 30, 2023, the District recognized pension expense of $3,505,243. At June 30, 2023, the District reported deferred outflows 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	$ 3,763,147	$ -
Differences between expected and actual experience	144,040	793,002
Changes in assumptions	2,357,668	-
Net changes in proportionate share of net pension liability	931,332	3,801,190
District contributions subsequent to the measurement date	3,863,607	-
Total	$ 11,059,794	$ 4,594,192

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years. The deferred outflows/(inflows) will amortize to pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 694,764
2025	500,209
2026	(288,143)
2027	1,695,165
	$ 2,601,995

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

*An expected inflation of 2.30% used for this period.
**Figures are based on the 2021-22 Asset Liability Management study.

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 46,039,891	$ 31,871,428	$ 20,161,713

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

STRS/PERS Irrevocable Trust

During the 2015-2016 fiscal year, the District established an irrevocable trust with Public Agency Retirement Services (PARS), for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. District contribution rates for these plans are expected to rise significantly in the coming years. Funds deposited into this trust are not considered "plan assets" for GASB 68 reporting, and therefore are not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded in the Statement of Net Position of the District. As of June 30, 2023 the balance of the trust was $6,013,849.

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

The District contributes to the Public Agency Retirement System Alternate Retirement System (PARS-ARS), a defined contribution retirement plan administered by the District. PARS-ARS employs a corporate Trustee and Trust Administrator who receives and invests contributions to the Plan and manages the assets of the Trust.

Active plan members contribute 3.75% of their salary and the District contributes the equivalent 3.75%. Interest earnings on the plan investments minus administrative costs are credited to the members accounts monthly and accumulate tax-free until withdrawal.

Tax Deferred Annuity

The District provides a Tax Shelter Annuity Plan for all eligible employees, as defined in the Plan documents. Participants may contribute a portion of their earnings under a 403(b) plan, which has a maximum deferral limit of $18,000 if under age 50, and $20,000 if over age 50. The District will not make matching contributions to the Plan on behalf of participants. However, the District absorbs some costs associated with the administration of the Plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2023, which amounted to $2,796,477. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2023. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 13 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges and California Schools Employee Benefit Association (CSEBA) Joint Powers Authority JPAs. The District pays annual premiums for its property liability, excess liability, and health coverage. The relationship between the District and the JPAs is such that it is not a component unit of the District for financial reporting purposes.

The District participated in the Protected Insurance Program for Schools and Colleges (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The District pays annual premiums for its workers' compensation coverage based on its individual rate. 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 14 – COMMITMENTS AND CONTINGENCIES

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

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

Construction Commitments
As of June 30, 2023, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately $21.6 million to be funded through a combination of general obligation bonds, capital project apportionments from the California State Chancellor's Office and local capital outlay funding.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 569,412	$ 545,921	$ 808,988	$ 770,408	$ 791,576	$ 635,656
Interest	814,051	839,808	817,192	791,571	703,163	679,336
Changes of assumptions	(92,148)	84,167	(730,236)	122,344	-	-
Differences between expected and actual experience	(351,688)	-	1,097,366	(8,421)	1,473,222	-
Benefit payments	(1,693,476)	(1,666,386)	(1,299,453)	(1,207,946)	(1,074,880)	(916,799)
Net change in total OPEB liability	(753,849)	(196,490)	693,857	467,956	1,893,081	398,193
Total OPEB liability, beginning of year	14,719,436	14,915,926	14,222,068	13,754,112	11,861,031	11,462,838
Total OPEB liability, end of year (a)	$ 13,965,587	$ 14,719,436	$ 14,915,925	$ 14,222,068	$ 13,754,112	$ 11,861,031
Plan fiduciary net position						
Employer contributions	$ 1,693,476	$ 1,552,338	$ 899,453	$ 1,207,946	$ 1,074,880	$ 1,424,926
Net investment income	(2,985,057)	3,059,390	620,725	653,984	749,679	1,185,907
Administrative expense	(109,207)	(105,679)	(98,917)	(97,685)	(97,163)	(91,701)
Benefit payments	(1,693,476)	(1,552,338)	(1,299,453)	(1,207,946)	(1,074,880)	(916,799)
Change in plan fiduciary net position	(3,094,264)	2,953,711	121,808	556,299	652,516	1,602,333
Fiduciary trust net position, beginning of year	16,451,071	13,497,360	13,375,551	12,819,252	12,166,736	10,564,403
Fiduciary trust net position, end of year (b)	$ 13,356,807	$ 16,451,071	$ 13,497,359	$ 13,375,551	$ 12,819,252	$ 12,166,736
Net OPEB liability (asset), ending (a) - (b)	$ 608,780	$ (1,731,635)	$ 1,418,566	$ 846,517	$ 934,860	$ (305,705)
Covered payroll	$ 26,052,765	$ 12,766,461	$ 45,193,637	$ 43,721,353	$ 40,991,291	$ 38,155,231
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	95.64%	111.76%	90.49%	94.05%	93.20%	102.58%
Net OPEB liability (asset) as a percentage of covered payroll	2.34%	-13.56%	3.14%	1.94%	2.28%	-0.80%

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2023

	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018
Annual money-weighted rate of return, net of investment expense	-18.81%	21.88%	4.53%	5.12%	10.77%	10.06%

See accompanying note to required supplementary information.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0403%	0.0425%	0.0470%	0.0457%	0.0451%
District's proportionate share of the net pension liability	$ 27,980,740	$ 19,324,095	$ 45,574,993	$ 41,269,107	$ 41,421,042
State's proportionate share of the net pension liability associated with the District	14,012,836	9,723,337	23,493,914	22,515,053	23,715,484
Total	$ 41,993,576	$ 29,047,432	$ 69,068,907	$ 63,784,160	$ 65,136,526
District's covered - employee payroll	$ 26,764,338	$ 26,952,334	$ 29,157,538	$ 28,970,534	$ 27,005,315
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	105%	72%	156%	142%	153%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0926%	0.1031%	0.1113%	0.1060%	0.1059%
District's proportionate share of the net pension liability	$ 31,871,428	$ 20,963,497	$ 34,162,594	$ 30,887,450	$ 28,240,613
District's covered - employee payroll	$ 13,715,238	$ 14,810,063	$ 16,036,099	$ 14,750,819	$ 13,985,976
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	232%	142%	213%	209%	202%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0441%	0.0436%	0.0518%	0.0422%
District's proportionate share of the net pension liability	$ 40,805,853	$ 35,228,243	$ 34,850,800	$ 24,659,591
State's proportionate share of the net pension liability associated with the District	24,140,398	20,054,053	18,432,232	14,890,525
Total	$ 64,946,251	$ 55,282,296	$ 53,283,032	$ 39,550,116
District's covered - employee payroll	$ 24,923,736	$ 23,587,493	$ 26,023,288	$ 21,103,504
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	164%	149%	134%	117%
Plan fiduciary net position as a percentage of the total pension liability	69%	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	0.1038%	0.1058%	0.1201%	0.1225%
District's proportionate share of the net pension liability	$ 24,774,264	$ 20,891,295	$ 17,706,927	$ 13,903,284
District's covered - employee payroll	$ 13,231,495	$ 13,273,327	$ 13,838,552	$ 12,939,488
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	157%	128%	107%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 5,584,916	$ 4,528,526	$ 4,352,802	$ 4,985,939	$ 4,716,403
District's contributions in relation to the statutorily required contribution	5,584,916	4,528,526	4,352,802	4,985,939	4,716,403
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 29,240,398	$ 26,764,338	$ 26,952,334	$ 29,157,538	$ 28,970,534
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 3,863,607	$ 3,142,161	$ 3,065,683	$ 3,162,479	$ 2,664,293
District's contributions in relation to the statutorily required contribution	3,863,607	3,142,161	3,065,683	3,162,479	2,664,293
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,229,038	$ 13,715,238	$ 14,810,063	$ 16,036,099	$ 14,750,819
District's contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%

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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 3,896,867	$ 3,135,406	$ 2,530,938	$ 2,310,868
District's contributions in relation to the statutorily required contribution	3,896,867	3,135,406	2,530,938	2,310,868
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 27,005,315	$ 24,923,736	$ 23,587,493	$ 26,023,288
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,172,162	$ 1,837,590	$ 1,572,491	$ 1,628,936
District's contributions in relation to the statutorily required contribution	2,172,162	1,837,590	1,572,491	1,628,936
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 13,985,976	$ 13,231,495	$ 13,273,327	$ 13,838,552
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%

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

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

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

- *Changes of Assumptions* - The discount rate changed from 5.75% to 5.85% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.

- *Changes of Assumptions* - There were no changes in assumptions since the previous valuation for CalSTRS. The plans discount rate was changed from 7.15 percent to 6.90 percent since the previous valuation for 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

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2023

Victor Valley Community College is a public community college operated under the Education Code of the State of California. The District was established by authority of the voters who created the District in 1960. The District began classes in 1961. The present campus was started in 1963 and opened its doors to students in 1965. The District encompasses an area of approximately 2,200 square miles and includes the communities of Adelanto, Apple Valley, Cedar Springs, Helendale, Hesperia, Lucerne Valley, Oro Grande, Phelan, Wrightwood, Los Flores, and Victorville. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Dennis Henderson	President	2026
Joseph Brady	Vice President	2026
Sharon Pinkerton	Clerk	2024
Brandon Wood	Trustee	2026
Jennifer Tarpley	Trustee	2024

ADMINISTRATION

Daniel Walden, Ph.D.
Superintendent/President

Todd Scott, Ph.D.
Vice President, Instruction

John Nahlen
Deputy Superintendent/Executive Vice President, Administrative Services

McKenzie Tarango
Associate Vice President of Instruction

Monica Martinez
Vice President, Human Resources

Arthur Lopez
Vice President, Student Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Victor Valley College Foundation	Kirsten Acosta, Executive Director	Organized as an auxiliary organization on July 9, 1975 and has a signed master agreement revised on November 15, 2021.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	n/a	$ 20,908,122
Federal Pell Grant Program Administrative Allowance	84.063	n/a	1,631
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	589,600
FSEOG Administrative Allowance	84.007	n/a	241
Federal Work Study (FWS)	84.033	n/a	328,311
Federal Work Study (FWS) Administrative Allowance	84.033	n/a	11,946
Federal Direct Student Loans	84.268	n/a	382,596
Subtotal Student Financial Aid Cluster			22,222,447
TRIO Cluster			
Upward Bound	84.047A	n/a	87,781
Subtotal TRIO Cluster			87,781
Higher Education Emergency Relief Fund			
COVID-19 HEERF II CRRSA Act - Student Aid	84.425E	n/a	4,912,825
COVID-19 HEERF II CRRSA Act - Institutional	84.425F	n/a	2,941,890
COVID-19 HEERF III ARP - Institutional	84.425F	n/a	14,998,163
COVID-19 HEERF III ARP - Minority Serving Institutions	84.425L	n/a	2,249,118
Subtotal Higher Education Emergency Relief Fund			25,101,996
Guided Pathways to Improve Hispanic and Low Income Student Success	84.031S	n/a	548,958
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I - Part C	84.048A	20-C01-990	470,499
Passed through California Department of Education			
Workforce Innovation and Opportunity Act (WIOA II)	84.002A	V002A210005	130,580
Total U.S. Department of Education			48,562,261
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Community Colleges Chancellor's Office			
COVID-19 State Fiscal Recovery Funds	21.027	n/a	43,433
Total U.S. Department of Agriculture			43,433
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Direct Program			
Veterans Education	64.028	n/a	948
Total U.S. Department of Veterans Affairs			948
U.S. DEPARTMENT OF INTERIOR			
Direct Program			
BLM Seed Grant	15.245	L17AC00236-03	14,377
BLM Plant Conservation & Restoration Management	15.245	L22AC00393-00	72,801
Total U.S. Department of Interior			87,178
NATIONAL SCIENCE FOUNDATION			
Direct Program			
Research and Development Cluster			
Advanced Technological Education	47.076	2000462	59,767
Subtotal Research and Development Cluster			59,767
Total National Science Foundation			59,767
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	100,618
Total Department of Health and Human Services			100,618
Total Federal Programs			$ 48,854,205

(1) - Pass-through entity identifying number not readily available.
n/a - Pass-through entity identifying number not applicable.

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				
	Cash Received	Accounts Receivable (Payable)	Deferred Income	Total Revenue	Program Expenditures
Extended Opportunity Program and Services	$ 3,412,594	$ -	$ 1,173,946	$ 2,238,648	$ 2,238,648
NEXTUP/CAFYES	1,670,094	-	813,131	856,963	856,963
Disabled Students Program And Services	1,470,715	-	392,707	1,078,008	1,078,008
Physcial Plant/Instructional Support/Library Materials	12,178,253	-	-	12,178,253	1,817,412
Lottery	1,282,421	(461,858)	-	820,563	820,563
PT Faculty Compensation	277,848	-	-	277,848	278,312
Student Financial Aid Administrative Allowance	602,897	(15,403)	215,626	371,868	371,868
SSSP - SEA	7,004,735	-	2,442,901	4,561,834	4,561,834
LGBTQ+	76,246	-	74,533	1,713	1,713
Classified Professional Development	32,842	-	20,512	12,330	12,330
CARE	891,195	-	306,604	584,591	584,591
Staff Diversity	225,573	-	177,124	48,449	48,449
Culturally Competent Faculty	50,435	-	50,435	-	-
Equal Employment Opportunity Best Practices	208,333	-	208,333	-	-
AB104 Adult Education Consortium	2,854,941	-	310,806	2,544,135	2,544,135
Calworks	1,066,043	-	286,301	779,742	779,742
Learning Aligned Employment Program	4,263,930	-	4,263,930	-	-
Full-Time Student Success Grant	6,778,632	-	2,605,878	4,172,754	4,172,754
Student Retention & Enrollment	722,172	-	275,776	446,396	446,396
Rentention and Enrollment Outreach	1,334,796	-	1,334,796	-	-
Technology Model Applications	10,135	-	1,232	8,903	8,903
Systemwide Technology and Data Security	350,000	-	-	350,000	350,000
Song-Brown Nursing Grant #4	12,007	-	7,591	4,416	4,416
Nursing Enrollment Growth & Retention	259,470	(8,400)	112,875	138,195	138,195
College/Career Access Pathways	111,389	-	23,129	88,260	88,260
Guided Pathways	674,681	-	409,184	265,497	265,497
Full Time Faculty Hiring	1,273,210	-	-	1,273,210	-
Strong Workforce - Local Round 6	1,482,706	-	387,352	1,095,354	1,095,354
Strong Workforce - Local Round 4	2,439	-	-	2,439	2,439
Strong Workforce - Local Round 7	1,846,475	-	1,827,951	18,524	18,524
Strong Workforce - Regional Round 7	-	207	-	207	207
Strong Workforce - Regional Round 6	181,381	382,562	-	563,943	563,943
SWP Regional - Employer Engagement Manager	200,600	-	84,149	116,451	116,451
SWP Regional - Industry Sector Manager	57,591	-	-	57,591	57,591
SWP Regional - Reallocated Round 5	497,229	-	-	497,229	497,229
Rising Scholars Network	130,000	-	42,280	87,720	87,720
Apprenticeship Initiative	236,681	97,504	-	334,185	334,185
Innovation & Effectiveness	200,000	-	-	200,000	200,000
CTE-Online (CVC-OEI)	-	-	-	-	(466)
Undocumented Resource Liason	242,989	-	22,956	220,033	220,033
Hunger Free Campus AB214	912	-	-	912	912
Homeless Housing- Rapid Rehousing	1,434,269	-	1,015,852	418,417	418,417
Basic Needs Centers	587,863	-	100,789	487,074	487,074
Cal Fresh	26,137	-	23,358	2,779	2,779
Student Food and Housing Support	571,420	-	514,943	56,477	56,477
Veterans Resource Center	196,017	-	91,082	104,935	104,935
Veterans Resource Center 2	24,698	-	20,458	4,240	4,240
Mental Health Support	482,697	-	282,968	199,729	199,729
Financial Aid Technology	76,183	-	40,914	35,269	35,269
Emergency Financial Assistance Supplemental	101,882	-	101,882	-	-
State COVID Block grant	5,818,262	-	-	5,818,262	-
CA College Promise Program	1,403,611	-	643,691	759,920	759,920
Zero Textbook Cost Program	200,000	-	200,000	-	-
Cal Grant - Student Aid	3,057,053	-	-	3,057,053	3,057,053
TANF/Child Development Careers Program	3,684	-	1,647	2,037	2,037
Child Development-State Pre-school	608,861	-	-	608,861	595,092
	$ 68,767,227	$ (5,388)	$ 20,909,622	$ 47,852,217	$ 30,386,133

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	8.67	-	8.67
2. Credit	52.93	-	52.93
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	1,207.01	-	1,207.01
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,912.06	-	2,912.06
(b) Daily Census Contact Hours	1,021.66	-	1,021.66
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	200.89	-	200.89
(b) Credit	465.35	-	465.35
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	2,415.90	-	2,415.90
(b) Daily Census Contact Hours	2,291.90	-	2,291.90
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,576.37	-	10,576.37
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Credit	20.26	-	20.26
2. Noncredit	95.71	-	95.71
Total Basic Skills FTES	115.97	-	115.97

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

		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	$ 10,028,946	$ -	$ 10,028,946	$ 10,028,946	$ -	$ 10,028,946
Other	1300	13,619,582	-	13,619,582	13,651,151	-	13,651,151
Total Instructional Salaries		23,648,528	-	23,648,528	23,680,097	-	23,680,097
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,242,459	-	4,242,459
Other	1400	-	-	-	717,661	-	717,661
Total Non-Instructional Salaries		-	-	-	4,960,120	-	4,960,120
Total Academic Salaries		23,648,528	-	23,648,528	28,640,217	-	28,640,217
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	9,381,441	-	9,381,441
Other	2300	-	-	-	692,855	-	692,855
Total Non-Instructional Salaries		-	-	-	10,074,296	-	10,074,296
Instructional Aides							
Regular Status	2200	1,201,328	-	1,201,328	1,478,782	-	1,478,782
Other	2400	64,387	-	64,387	64,387	-	64,387
Total Instructional Aides		1,265,715	-	1,265,715	1,543,169	-	1,543,169
Total Classsified Salaries		1,265,715	-	1,265,715	11,617,465	-	11,617,465
Employee Benefits	3000	7,864,364	-	7,864,364	19,702,248	-	19,702,248
Supplies and Materials	4000	-	-	-	388,018	-	388,018
Other Operating Expenses	5000	19,507	-	19,507	8,354,375	-	8,354,375
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		32,798,114	-	32,798,114	68,702,323	-	68,702,323
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	417,989	-	417,989	417,989	-	417,989
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	57,002	-	57,002
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,084,895	-	1,084,895
Object to Exclude							
Rents and Leases	5060	-	-	-	482,156	-	482,156
Lottery Expenditures							
Academic Salaries	1000	-	-	-	602,182	-	602,182
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	139,331	-	139,331
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	-	-	-	2,595,118	-	2,595,118
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 417,989	$ -	$ 417,989	$ 5,378,673	$ -	$ 5,378,673
Total for ECS 84362, 50% Law		$ 32,380,125	$ -	$ 32,380,125	$ 63,323,650	$ -	$ 63,323,650
Percent of CEE (Instructional Salary Cost/Total CEE)		51.13%	0.00%	51.13%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 31,661,825	$ -	$ 31,661,825

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

EPA Revenue	$ 12,151,446

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 12,151,446	$ -	$ -	$ 12,151,446
Total		$ 12,151,446	$ -	$ -	$ 12,151,446

VICTOR VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total Fund Equity - District Funds Included in the Reporting Entity		
General Funds	$ 53,601,736	
Bond Interest and Redemption Fund	9,788,774	
Capital Project Funds	15,114,957	
Proprietary Funds	3,915,716	
Special Revenue Funds	14,386,265	
Other Student and Trust Funds	6,793,808	
Internal Service Funds	296,344	
Student Financial Aid Fund	(6,073)	
Total fund balances as reported in the CCFS-311		$ 103,891,527
Assets recorded within the statements of net position not included in the District fund financial statements:		
Capital assets	$ 258,148,261	
Accumulated depreciation	(89,975,903)	
Right-of-use leased assets	17,181,081	
Accumulated amortization	(12,126,648)	173,226,791
Lease Receivable		1,110,561
Unmatured Interest		(2,254,344)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		11,757,460
Deferred outflows from OPEB		3,455,519
Deferred outflows from pensions		20,008,910
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General Obligation Bonds	$ (209,495,115)	
Lease liability	(4,881,536)	
Software lease liability	(2,660,759)	
Compensated absences	(1,969,755)	
Early retirement incentive	(1,448,716)	
Net OPEB liability	(608,780)	
Net pension liability	(59,852,168)	(280,916,829)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows from leases		(666,220)
Deferred inflows from OPEB		(12,681,691)
Deferred inflows from pensions		(1,007,520)
Net Assets Reported Within the Statements of Net Position		$ 15,924,164

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

District Organization
This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing.

Schedule of Expenditures of Federal Awards
Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

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

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

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

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account Expenditures
This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Victor Valley Community College District
Victorville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of Victor Valley Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2023.

Adoption of New Accounting Standard
As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

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

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

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
Victor Valley Community College District
Victorville, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Victor Valley Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Victor Valley 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 Victor Valley 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 Victor Valley 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 Victor Valley 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 Victor Valley 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 Victor Valley 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 Victor Valley 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 Victor Valley 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 31, 2023

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Victor Valley Community College District
Victorville, California

Report on State Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Compliance Requirements Tested

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

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

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California
December 31, 2023

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors report?	No
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:	$ 1,465,626
Auditee qualified as low-risk auditee?	No

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 or recommendations identified during 2022-23.

Section III – Federal Award Findings and Questioned Costs

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

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

Section IV – State Award Findings and Questioned Costs

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

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

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