Financial Statements
June 30, 2020

Monterey Peninsula Community College District

Unaudited Supplementary Information

Independent Auditor's Report

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 12, and other required supplementary information listed in the table of contents on pages 70 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The schedule of expenditures of federal awards and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying unaudited supplementary information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

USING THIS ANNUAL REPORT

The Monterey Peninsula Community College District (the District) presents the following discussion and analysis to assist the reader by focusing on significant financial issues, providing an overview of the District's financial activities and condition, to explain changes in the District's financial condition, and to identify challenges of subsequent fiscal years. 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, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Monterey Peninsula 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*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total 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

The District's assets are primarily cash, land, and facilities. Liabilities are primarily long-term bonds and pension liability. The District's total assets and deferred outflows of resources decreased by $2,376,863, or 1.1%, to $215,612,726, and total liabilities and deferred inflows of resources decreased by $3,409,515, or 1.5%, to $196,214,234. This results in net position being increased by $672,652, or 3.6%, to $19,398,492.

In November 2002, a Proposition 39 facility bond was approved by the local voters giving the District $145.0 million to assist in modernization of the existing campus and construct a satellite campus and public safety training facilities on the former Fort Ord properties. The bonds are repaid through a special tax assessment on local property owners. In June 2003, the first series of bonds was sold and proceeds ($40.0 million) were deposited with the County Treasurer. The first series was refinanced in 2006 which generated an additional $4.2 million for projects. The second and third series of bonds were issued in January 2008: $9,004,530 taxable and $95,994,770 tax exempt. Proceeds of $8.2 million remain.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The biggest change in this statement is that our capital assets (land, building, and equipment) are capitalized and depreciated. As a result, they are now reflected as an asset on this statement. Net position, the difference between assets, deferred outflows, liabilities, and deferred inflows, are one way to measure the financial health of the District.

STATEMENT OF NET POSITION

	2020	2019
Assets		
Current Assets		
Cash and investments	$ 42,313,311	$ 42,541,127
Accounts receivable	7,025,633	4,000,819
Total current assets	49,338,944	46,541,946
Noncurrent Assets		
Capital assets (net)	145,679,553	150,199,624
Total assets	195,018,497	196,741,570
Deferred Outflows of Resources		
Deferred charges on refunding	6,741,280	7,219,950
Deferred outflows of resources related to OPEB and pensions	13,852,949	14,028,069
Total deferred outflows of resources	20,594,229	21,248,019
Liabilities		
Current Liabilities		
Accounts payable and accrued interest	8,418,304	6,493,450
Unearned revenue	4,962,900	5,506,755
Current portion of long-term liabilities	7,914,140	7,349,140
Total current liabilities	21,295,344	19,349,345
Long-Term Liabilities		
Noncurrent portion of long-term liabilities	170,064,108	174,537,805
Total liabilities	191,359,452	193,887,150
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB and pensions	4,854,782	5,376,599
Net Position		
Net investment in capital assets	41,661,520	39,537,637
Restricted	10,780,909	10,297,414
Unrestricted deficit	(33,043,937)	(31,109,211)
Total net position	$ 19,398,492	$ 18,725,840

Cash and investments consist primarily of funds held in the Monterey County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 16 and 17.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to Governmental Accounting Standards Board (GASB). As a result, this statement will show a significant operating loss.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2020	2019
Operating Revenues		
Student tuition and fees, net	$ 4,485,777	$ 4,700,530
Federal, state, and local grants and contracts, noncapital	15,027,427	11,418,960
Total operating revenues	19,513,204	16,119,490
Operating Expenses		
Salaries and benefits	38,867,983	33,959,953
Supplies, maintenance, equipment, and other expenses	20,052,077	20,678,739
Student financial aid	9,790,606	9,179,041
Depreciation	4,461,989	4,664,279
Total operating expenses	73,172,655	68,482,012
Operating Loss	(53,659,451)	(52,362,522)
Nonoperating Revenues (Expenses)		
State apportionments	13,175,211	17,702,926
Federal and state financial aid	8,078,896	7,940,745
Property taxes	33,200,877	30,402,336
Other state revenues	1,789,769	848,471
Net interest expense	(2,992,867)	(3,367,515)
Other nonoperating revenues	718,317	890,264
Total nonoperating revenues (expenses)	53,970,203	54,417,227
Other Revenues and (Losses)		
State and local capital revenue	1,003,073	1,300,589
Loss on disposal of capital assets	(641,173)	-
Total other revenues and (losses)	361,900	1,300,589
Change in Net Position	$ 672,652	$ 3,355,294

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 Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 18,156,600	$ 6,348,796	$ -	$ -	$ 24,505,396
Academic support	1,129,316	343,144	-	-	1,472,460
Instructional support services	1,113,216	473,910	-	-	1,587,126
Student services	4,812,248	2,221,812	-	-	7,034,060
Plant operation and maintenance	1,251,046	2,388,818	-	-	3,639,864
General institutional support services	10,368,171	4,327,593	-	-	14,695,764
Ancillary services and auxiliary operations	2,037,386	1,271,712	-	-	3,309,098
Student aid	-	-	9,790,606	-	9,790,606
Physical property and related acquisitions	-	2,676,292	-	-	2,676,292
Depreciation	-	-	-	4,461,989	4,461,989
Total	$ 38,867,983	$ 20,052,077	$ 9,790,606	$ 4,461,989	$ 73,172,655

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and the District's need for external funding.

STATEMENT OF CASH FLOWS

	2020	2019
Cash from (used for)		
Operating activities	$ (48,729,708)	$ (49,127,950)
Noncapital financing activities	47,375,138	49,985,547
Capital financing activities	530,729	1,091,020
Investing activities	596,025	563,664
Net Change in Cash and Cash Equivalents	(227,816)	2,512,281
Cash and Cash Equilalents, Beginning of Year	42,541,127	40,028,846
Cash and Cash Equivalents, End of Year	$ 42,313,311	$ 42,541,127

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2020, the District had $208,536,806 in a broad range of capital assets including land, and furniture and equipment. At June 30, 2020, our net capital assets were $145,679,553.

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Land and construction in progress	$ 11,231,524	$ 469,455	$ (1,800,979)	$ 9,900,000
Buildings and improvements	188,857,701	1,159,806	-	190,017,507
Furniture and equipment	8,505,663	113,636	-	8,619,299
Subtotal	208,594,888	1,742,897	(1,800,979)	208,536,806
Accumulated depreciation	(58,395,264)	(4,461,989)	-	(62,857,253)
	$ 150,199,624	$ (2,719,092)	$ (1,800,979)	$ 145,679,553

Long-Term Liabilities Including Pensions and OPEB

At June 30, 2020, the District had $126,814,831 in general obligation bonds outstanding, including premium. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Monterey Peninsula Community College District boundaries. Other long-term liabilities for the District include the compensated absences, early retirement plan, claims liability, aggregate net OPEB liability, and the aggregate net pension liability.

Notes 10 - 13 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
General obligation bonds	$ 132,249,087	$ 2,208,831	$ (7,643,087)	$ 126,814,831
Compensated absences	947,196	181,044	-	1,128,240
Early retirement plan	492,420	-	(164,140)	328,280
Claims liability	796,866	8,385,008	(8,385,008)	796,866
Aggregate net OPEB liability	4,909,650	199,043	-	5,108,693
Aggregate net pension liability	42,491,726	1,309,612	-	43,801,338
Total long-term liabilities	$ 181,886,945	$ 12,283,538	$ (16,192,235)	$ 177,978,248

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Proposition 98

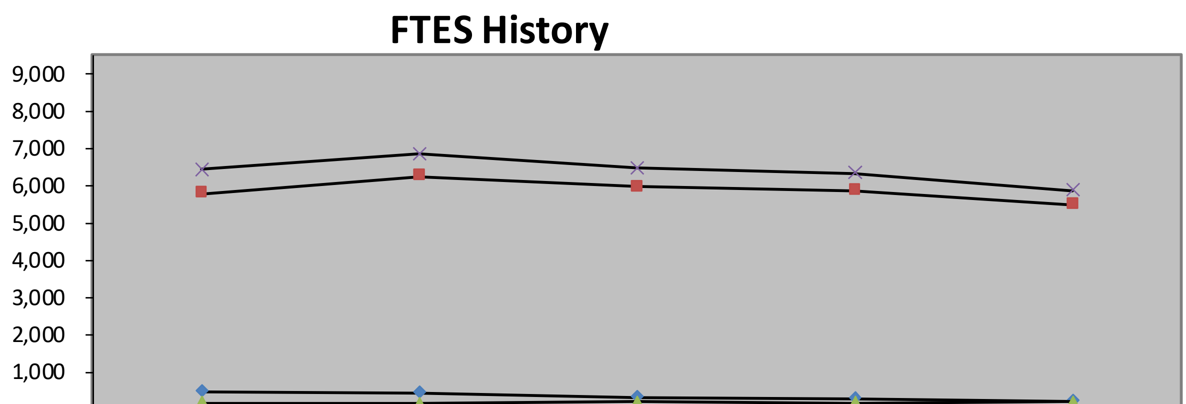
While our college is primarily funded by Local Property Taxes, the District relies on minimum guarantees from Proposition 98. Proposition 98 establishes funding levels for schools and community colleges within the State of California on the whole. This minimum funding requirement is commonly called the minimum guarantee. The state calculates the minimum guarantee by comparing three main formulas or "tests". Each test takes into account certain inputs, such as state General Fund revenue, per capita personal income, and K-12 student attendance. The state can choose to fund at the minimum guarantee or any level above it. It also can suspend the guarantee with a two-thirds vote of each house of the Legislature, allowing the state to provide less funding than the formulas require that year. The state meets the guarantee through a combination of state General Fund and local property tax revenue. In general, the 2020 State Budget Community Colleges were provided equal funding compared to the prior year in spite of a decrease in estimates regarding Proposition 98 revenues. To accomplish this the State of California budget deferred certain payments owed to community colleges and K-12 District's throughout the state until the subsequent 2021-22 Budget year. Historically, Proposition 98 has been somewhat volatile as it is tied to the economy at the state level.

Public School Stabilization Account

Proposition 2 was a constitutional amendment that established a reserve account within the State budget specifically for schools. Proposition 2 was established to mitigate volatility of educational funding to schools and community colleges. As a result of its passage in 2014 the state is required to deposit funding in the reserve when school funding is growing relatively quickly and various other conditions are met.

The student-centered funding formula that was adopted in the 2018-2019 fiscal year provides funding to districts based upon additional factors: the number of low-income students enrolled, the number of students who meet specific student success metrics, including completion of a degree or certificate. The formula planned implementation was to occur over the initial three-year period beginning in 2019. However, the implementation has been impacted by the pandemic and other budgetary issues. Important features of the funding formula include the following: Formula Structure and Transition – in 2018-2019, 70% of funding will be distributed based on enrollment, 20% based on enrollment of low-income students, and 10% based on student success metrics. This percent distribution will change over the implementation period until it reaches 60%-20%-20%. The Hold Harmless Provision has been extended to 2023/24. The primary feature of the hold harmless is to protect districts during implementation so that no district will receive less funding than they received in 2017-2018, and each district will receive an increase to reflect a cost-of-living increase.

The District has experienced a downward trend in FTES as shown below. The pandemic has impacted student learning in an adverse manner, but steps are in place to respond to student needs and FTES trends. Expansion of our promise program, as well as additional strategies for enrollment management should result in a slight turnaround of that trend in 2020-2021. While, overall apportionment revenue is not affected in the hold harmless years, the efforts to improve student access and retention remain critical to success under the new funding formula.



Fiscal Year	15-16	16-17	17-18	18-19	19-20
Noncredit	472	438	318	284	206
Credit	5,790	6,259	5,956	5,874	5,472
Nonres	170	158	188	175	195
Total FTES	6,432	6,855	6,462	6,333	5,873

In conclusion, the District continues to have a solid financial base. Reserves are believed to be adequate. The 2020-2021 final budget is balanced, with no funds being transferred from other funds. The balance budget has been achieved by a reduction to operating budgets, efficiency through scheduling, vacancies, and additional funds projected to the base apportionment revenue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Monterey Peninsula Community College District at 980 Fremont Street, Monterey, California 93940-4799.

Assets	
Current Assets	
Cash and cash equivalents	$ 2,108,011
Investments	40,205,300
Accounts receivable	6,721,900
Student receivables	227,698
Due from fiduciary funds	76,035
Total current assets	49,338,944
Noncurrent Assets	
Nondepreciable capital assets	9,900,000
Depreciable capital assets, net of depreciation	135,779,553
Total noncurrent assets	145,679,553
Total assets	195,018,497
Deferred Outflows of Resources	
Deferred charges on refunding	6,741,280
Deferred outflows of resources related to other postemployment benefits (OPEB)	2,322,998
Deferred outflows of resources related to pensions	11,529,951
Total deferred outflows of resources	20,594,229
Liabilities	
Current Liabilities	
Accounts payable	7,859,667
Accrued interest payable	558,637
Unearned revenue	4,962,900
Long-term liabilities other than OPEB and pensions due within one year	7,914,140
Total current liabilities	21,295,344
Noncurrent Liabilities	
Long-term liabilities other than OPEB and pensions due in more than one year	121,154,077
Aggregate net OPEB liability	5,108,693
Aggregate net pension libility	43,801,338
Total noncurrent liabilities	170,064,108
Total liabilities	191,359,452

Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	$ 837,442
Deferred inflows of resources related to pensions	4,017,340
Total deferred inflows of resources	4,854,782
Net Position	
Net investment in capital assets	41,661,520
Restricted for	
Debt service	8,503,917
Capital projects	1,250,501
Other activities	1,026,491
Unrestricted deficit	(33,043,937)
Total net position	$ 19,398,492

Operating Revenues	
Student Tuition and Fees	$ 7,755,018
Less scholarship discounts and allowances	(3,269,241)
Net tuition and fees	4,485,777
Grants and Contracts, Noncapital	
Federal	3,530,991
State	10,789,596
Local	706,840
Total grants and contracts, noncapital	15,027,427
Total operating revenues	19,513,204
Operating Expenses	
Salaries	30,002,475
Employee benefits	8,865,508
Supplies, materials, and other operating expenses and services	18,677,737
Equipment, maintenance, and repairs	1,374,340
Student financial aid	9,790,606
Depreciation	4,461,989
Total operating expenses	73,172,655
Operating Loss	(53,659,451)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	13,175,211
Federal financial aid grants, noncapital	7,407,146
State financial aid grants, noncapital	671,750
Local property taxes, levied for general purposes	24,610,550
Taxes levied for other specific purposes	8,590,327
State taxes and other revenues	1,789,769
Investment income	539,137
Interest expense on capital related debt	(3,587,209)
Investment income on capital asset-related debt	55,205
Other nonoperating revenue	718,317
Total nonoperating revenues (expenses)	53,970,203
Income Before Other Revenues	310,752
Other Revenues and (Losses)	
State revenues, capital	180,870
Local revenues, capital	822,203
Loss on disposal of capital assets	(641,173)
Total other revenues and (Losses)	361,900
Change in Net Position	672,652
Net Position, Beginning of Year	18,725,840
Net Position, End of Year	$ 19,398,492

Operating Activities	
Tuition and fees	$ 3,458,921
Federal, State, and local grants and contracts, noncapital	15,889,563
Payments to scholarships and grants	(9,790,606)
Payments to vendors for supplies and services	(20,628,293)
Payments to or on behalf of employees	(37,659,293)
Net Cash Flows from Operating Activities	(48,729,708)
Noncapital Financing Activities	
State apportionments	12,936,630
Noncapital grants and contracts	8,078,896
Property taxes - nondebt related	24,610,550
State taxes and other revenue	1,083,078
Other nonoperating	665,984
Net Cash Flows from Noncapital Financing Activities	47,375,138
Capital Financing Activities	
Purchase of capital assets	(489,755)
State revenue, capital projects	180,870
Local revenue, capital projects	822,203
Property taxes - related to capital debt	8,590,327
Principal paid on capital debt	(7,185,000)
Interest paid on capital debt	(1,443,121)
Interest received on capital asset-related debt	55,205
Net Cash Flows from Capital Financing Activities	530,729
Investing Activities	
Interest received from investments	596,025
Net Change in Cash and Cash Equivalents	(227,816)
Cash and Cash Equivalents, Beginning of Year	42,541,127
Cash and Cash Equivalents, End of Year	$ 42,313,311

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (53,659,451)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	4,461,989
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Receivables	379,135
Deferred outflows of resources related to OPEB	(383,783)
Deferred outflows of resources related to pensions	558,903
Accounts payable	(546,388)
Unearned revenue	(543,855)
Compensated absences	181,044
Early retirement plan	(164,140)
Aggregate net OPEB liability	199,043
Aggregate net pension liability	1,309,612
Deferred inflows of resources related to OPEB	(116,312)
Deferred inflows of resources related to pensions	(405,505)
Total adjustments	4,929,743
Net Cash Flows from Operating Activities	$ (48,729,708)
Cash and Cash Equivalents Consist of	
Cash in banks	$ 2,108,011
Cash in county treasury	40,205,300
Total cash and cash equivalents	$ 42,313,311
Non Cash Transactions	
Amortization on debt premium	$ 458,087
Amortization of deferred charges on refunding	$ 478,670
Accretion of interest on capital appreciation bonds	$ 2,208,831

	Retiree OPEB Trust	Other Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	$ -	$ 824,126	$ 900,224
Investments	6,327,877	102,703	-
Accounts receivable	-	97,543	70,167
Total assets	6,327,877	1,024,372	$ 970,391
Liabilities			
Accounts payable	-	364,333	$ 8,051
Due to primary government	-	-	76,035
Due to student groups	-	244,619	886,305
Total liabilities	-	608,952	$ 970,391
Net Position			
Restricted for postemployment benefits other than pensions	6,327,877	-	
Unrestricted	-	415,420	
Total net position	$ 6,327,877	$ 415,420	

	Retiree OPEB Trust	Other Trust Funds
Additions		
State revenues	$ -	$ 899,530
Interest and investment income	212,803	-
District contributions	2,203,315	-
Local revenues	-	1,888,263
Total additions	2,416,118	2,787,793
Deductions		
Services and operating expenditures	-	2,775,246
Administrative expenses	8,810	-
Benefit payments	1,132,096	-
Total deductions	1,140,906	2,775,246
Change in Net Position	1,275,212	12,547
Net Position - Beginning of Year	5,052,665	402,873
Net Position - End of Year	$ 6,327,877	$ 415,420

Note 1 - Organization

The Monterey Peninsula Community College District (the District) is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to the local residents of the surrounding area. The District consists of one community college located in Monterey, California. The District operates under a locally elected five-member Board of Trustees form of government and provides higher education in the County of Monterey. The District currently operates one college campus located in the city of Monterey, one educational center in Marina, and the Public Safety Training Center (PSTC) in Seaside. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of 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. The three components used to determine the presentation are: providing a “direct benefit”, the “environment and ability to access/influence reporting”, and the “significance” criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District.

The District has analyzed the financial and accountability relationship with the Monterey Peninsula College Foundation (the Foundations) in conjunction with GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organizations, and the District does provide and receive direct benefits to and from the Foundations. However, it has been determined that all criteria under GASB Statement No. 61 has not been met to require inclusion of the Foundation’s financial statements into the District’s annual report. Information on the Foundation may be requested through the Foundation office.

Basis of Accounting - Measurement Focus and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees and noncapital grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, 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 financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

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

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

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes all amounts are fully collectable.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 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 by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Issuance Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB 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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District Plan and MPP. For this purpose, the District Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, early retirement plan, aggregate net pension liability, aggregate net OPEB liability, and claims liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $10,780,909 of restricted net position, and the fiduciary fund financial statements report $6,327,877 of restricted net position.

Operating Revenues and Expenses

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

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

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

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

State Apportionments

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

Property Taxes

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

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

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

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

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

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

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

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

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented this standard as of June 30, 2020.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

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

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

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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

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

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

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

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

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

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

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

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

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

Note 3 - Deposits and Investments

Policies and Practices

The District is authorized under California Government Code 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	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, consist of the following:

Primary government	$ 42,313,311
Fiduciary funds	8,154,930
Total deposits and investments	$ 50,468,241
Cash on hand and in banks	$ 3,807,361
Cash in revolving	25,000
Investments	46,635,880
Total deposits and investments	$ 50,468,241

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. District regulations require that funds that are not required for the immediate need of the District may be invested in the County Treasurer's Investment Pool, State's Local Agency Investment Fund (LAIF), or in other investments as permitted by Government Code Sections 53601, 53635, 53534, and 53648. These investments are restricted to invest in time deposits, U.S. Government Securities, State registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptance notes, commercial paper, negotiable certificated of deposit, and repurchase or reverse repurchase agreements. The District manages its exposure to interest rate risk by investing in the Monterey County Investment Pool, Mutual Funds, and the Master Trust.

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

Investment Type	Reported Amount	Weighted Average Days to Maturity
Monterey County Investment Pool	$ 40,205,300	307
Mutual Funds	102,703	N/A
Master Trust	6,327,877	N/A
Total	$ 46,635,880	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Monterey County Investment Pool, Mutual Funds, and the Master Trust are not required to be rated, nor have been rated as of June 30, 2020.

Custodial Credit Risk – Deposits and Investments

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 of 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 agencies. 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, 2020, the District's bank balance of $3,378,585 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of $5,827,877 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Level 1 Inputs	Level 3 Inputs
Mutual Funds	$ 102,703	$ 102,703	$ -
Master Trust	6,327,877	-	6,327,877
Total	$ 6,430,580	$ 102,703	$ 6,327,877

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

The following table summarizes the District's Level 3 reconciliation as of June 30, 2020:

	Level 3 Inputs
Investments at Fair Value	
Balance at July 1, 2019	$ 5,052,665
Interest and investment income	44
Net realized and unrealized gain	212,759
District contributions	1,071,219
Administrative fees	(8,810)
Balance at June 30, 2020	$ 6,327,877

Note 5 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	$ 1,376,833
State Government	
Apportionment	3,165,855
Categorical aid	574,630
Lottery	594,651
Other State sources	147,000
Local Sources	
Interest	139,309
Other local sources	723,622
Total	$ 6,721,900
Student receivables	$ 227,698

	Fiduciary Funds
Other local sources	$ 167,710

Note 6 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 9,900,000	$ -	$ -	$ 9,900,000
Construction in progress	1,331,524	469,455	(1,800,979)	-
Total capital assets not being depreciated	11,231,524	469,455	(1,800,979)	9,900,000
Capital Assets Being Depreciated				
Land improvements	29,021,320	-	-	29,021,320
Buildings and improvements	159,836,381	1,159,806	-	160,996,187
Furniture and equipment	8,505,663	113,636	-	8,619,299
Total capital assets being depreciated	197,363,364	1,273,442	-	198,636,806
Total capital assets	208,594,888	1,742,897	(1,800,979)	208,536,806
Less Accumulated Depreciation				
Land improvements	(16,097,388)	(1,328,572)	-	(17,425,960)
Buildings and improvements	(34,497,659)	(2,976,140)	-	(37,473,799)
Furniture and equipment	(7,800,217)	(157,277)	-	(7,957,494)
Total accumulated depreciation	(58,395,264)	(4,461,989)	-	(62,857,253)
Net Capital Assets	$ 150,199,624	$ (2,719,092)	$ (1,800,979)	$ 145,679,553

Depreciation expense for the year was $4,461,989.

Note 7 - Accounts Payable

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

	Primary Government
Accrued payroll and benefits	$ 927,832
Apportionment	5,216,956
Construction	251,607
Community Hospital of Monterey Peninsula	681,973
Other vendor payables	781,299
Total	$ 7,859,667
	Fiduciary Funds
Other payables	$ 372,384

Note 8 - Unearned Revenue

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

	Primary Government
Federal categorical	$ 109,482
State categorical	2,825,921
Other State	502,190
Student fees	584,195
Other local	941,112
Total	$ 4,962,900

Note 9 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds, respectively, have been eliminated in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the fiduciary funds owed the primary government $76,035.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019-2020 fiscal year, there were no transfers between the primary government and the fiduciary funds.

Note 10 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the 2020 fiscal year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Bonds Payable					
2002 General obligation bonds, Series B	$ 200,000	$ -	$ -	$ 200,000	$ -
Unamortized premium	43,680	-	(14,627)	29,053	-
2013 General obligation refunding bonds, Series A	17,515,000	-	(4,405,000)	13,110,000	4,920,000
Unamortized premium	820,430	-	(378,660)	441,770	-
2013 General obligation refunding bonds, Series B	5,610,000	-	(2,780,000)	2,830,000	2,830,000
2016 General obligation refunding bonds	107,082,565	2,208,831	-	109,291,396	-
Unamortized premium	977,412	-	(64,800)	912,612	-
Total bonds payable	132,249,087	2,208,831	(7,643,087)	126,814,831	7,750,000
Other Liabilities					
Compensated absences	947,196	181,044	-	1,128,240	-
Early retirement plan	492,420	-	(164,140)	328,280	164,140
Claims liability	796,866	8,385,008	(8,385,008)	796,866	-
Total other liabilities	2,236,482	8,566,052	(8,549,148)	2,253,386	164,140
Total long-term liabilities	$ 134,485,569	$ 10,774,883	$ (16,192,235)	$ 129,068,217	$ 7,914,140

Description of Long-Term Liabilities

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund. The early retirement plan will be paid by the General Unrestricted Fund.

Bonded Debt

General Obligation Bonds

2002 General Obligation Bonds, Series B

During January 2008, the District issued the 2008 General Obligation Bonds, Series B, for $9,004,530. The bonds issued included $8,440,000 of Current Interest bonds and $564,530 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of $1,000,000. The Current Interest bonds mature beginning on August 1, 2008 through August 1, 2021, with interest rates ranging from 3.80% to 5.35%. The Capital Appreciation bonds mature beginning on August 1, 2015, with yield rate of 5.10%. At June 30, 2020, the principal balance outstanding was $200,000. Unamortized premium received on issuance of the bonds amounted to $29,053 as of June 30, 2020.

2013 General Obligation Refunding Bonds, Series A and B

In April 2013, the District issued the $33,820,000 2013 General Obligation Refunding Bonds, Series A and B. The bonds have a final maturity to occur on August 1, 2021, with interest rates from 0.335 to 4.00%. The net proceeds of $36,975,456 (representing the principal amount of $33,820,000 plus premium on issuance of $3,155,456) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. In addition, the net proceeds were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of the issuance associated with the refunding bonds. 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 refunding resulted in an economic gain of $1,310,546 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.367%. These deferred charges on refunding were fully amortized as of June 30, 2020. At June 30, 2020, the principal balance outstanding was $15,940,000. Unamortized premium received on issuance of the bonds amounted to $441,770 as of June 30, 2020.

2016 General Obligation Refunding Bonds, Series B

In May 2016, the District issued the $105,348,522 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2034, with interest rates from 1.65 to 4.00%. The net proceeds of $106,531,137 (representing the principal amount of $105,348,522 plus premium on issuance of $1,182,615) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. 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 refunding resulted in an economic gain of $20,455,151 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.76%. At June 30, 2020, the principal balance outstanding was $109,291,396. Unamortized premium received on issuance of the bonds and deferred charges on refunding amounted to $912,612 and $6,741,280, respectively, as of June 30, 2020.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Accreted Interest Additions	Redeemed	Bonds Outstanding June 30, 2020
2008	08/01/2021	3.80%-5.35%	$ 9,004,530	$ 200,000	$ -	$ -	$ 200,000
2013	08/01/2021	1.50%-4.00%	19,235,000	17,515,000	-	(4,405,000)	13,110,000
2013	08/01/2020	0.335%-2.289%	14,585,000	5,610,000	-	(2,780,000)	2,830,000
2016	08/01/2034	1.65%-4.00%	105,348,522	107,082,565	2,208,831	-	109,291,396
				$ 130,407,565	$ 2,208,831	$ (7,185,000)	$ 125,431,396

The 2002 General Obligation Bonds, Series B mature through 2022 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2021	$ -	$ 10,700	$ 10,700
2022	200,000	5,350	205,350
Total	$ 200,000	$ 16,050	$ 216,050

The 2013 General Obligation Refunding Bonds, Series A mature through 2022 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2021	$ 4,920,000	$ 426,000	$ 5,346,000
2022	8,190,000	163,800	8,353,800
Total	$ 13,110,000	$ 589,800	$ 13,699,800

The 2013 General Obligation Refunding Bonds, Series B mature through 2021 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2021	$ 2,830,000	$ 32,389	$ 2,862,389

The 2016 General Obligation Refunding Bond, Series B mature through 2035 as follows:

Year Ending June 30,	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2021	$ -	$ -	$ 740,850	$ 740,850
2022	-	-	740,850	740,850
2023	6,962,987	292,013	740,850	7,995,850
2024	7,191,821	468,179	740,850	8,400,850
2025-2029	7,394,413	685,587	740,850	8,820,850
2030-2034	38,760,160	8,579,840	3,704,250	51,044,250
2035	48,982,015	12,058,285	3,003,225	64,043,525
Total	$ 109,291,396	$ 22,083,904	$ 10,411,725	$ 141,787,025

Compensated Absences

At June 30, 2020, the liability for compensated absences was $1,128,240.

Early Retirement Plan

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a remaining total amount of $328,280 on behalf of retirees through the 2022 year with the following schedule:

Year Ending June 30,	
2021	$ 164,140
2022	164,140
Total	$ 328,280

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

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 4,930,108	$ 2,322,998	$ 837,442	$ (296,230)
Medicare Premium Payment (MPP) Program	178,585	-	-	(4,822)
Total	$ 5,108,693	$ 2,322,998	$ 837,442	$ (301,052)

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Community College League of California (CCLC) Retiree Health Benefit Program Joint Powers Authority.

Plan Membership

At June 30, 2018, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	92
Active employees	203
Total	295

Monterey Peninsula Community College District Retiree Health Benefit Program Trust

The Monterey Peninsula Community College District Retiree Health Benefit Program Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Community College League of California (CCLC) Retiree Health Benefit Program Joint Powers 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 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.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Monterey Peninsula College Teachers Association (MPCTA), 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, MPCTA, CSEA and unrepresented groups are based on the availability of funds. For the measurement period of June 30, 2019, the District contributed $1,814,983 to the Plan, of which $1,402,973 was used for current premiums and $412,010 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
US large cap	29%
US small cap	13%
All foreign stock	9%
Other fixed income	49%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 5.88%. 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 $4,930,108 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 9,982,773
Plan fiduciary net position	5,052,665
Net OPEB liability	$ 4,930,108
Plan fiduciary net position as a percentage of the total OPEB liability	51%

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total OPEB liability to June 30, 2019. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	6.00 percent
Healthcare cost trend rates	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
US large cap	7.795%
US small cap	7.795%
All foreign stock	7.795%
Other fixed income	3.250%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2018	$ 9,086,670	$ 4,360,427	$ 4,726,243
Service cost	521,369	-	521,369
Interest	545,492	-	545,492
Employer contributions	-	1,814,983	(1,814,983)
Expected investment income	-	296,669	(296,669)
Difference between projected and actual earnings on OPEB investments	-	(11,849)	11,849
Difference between expected and actual experience	891,338	-	891,338
Changes of assumptions	340,877	-	340,877
Benefit payments	(1,402,973)	(1,402,973)	-
Administrative expense	-	(4,592)	4,592
Net change in total OPEB liability	896,103	692,238	203,865
Balance, June 30, 2019	$ 9,982,773	$ 5,052,665	$ 4,930,108

There were no changes in benefit terms since the previous valuation.

Changes of assumptions and other inputs reflects a change in the discount rate from 6.50% in 2018 to 6.00% in 2019, since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.00%)	$ 5,620,502
Current discount rate (6.00%)	4,930,108
1% increase (7.00%)	4,333,172

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 4,378,827
Current healthcare cost trend rate (4.00%)	4,930,108
1% increase (5.00%)	5,483,531

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,132,096	$ -
Differences between expected and actual experience	794,453	837,442
Changes of assumptions	303,825	-
Difference between projected and actual earnings on OPEB plan investments	92,624	-
Total	$ 2,322,998	$ 837,442

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 61,082
2022	61,079
2023	20,969
2024	19,994
2025	17,625
Thereafter	172,711
Total	$ 353,460

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $178,585 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0480% and 0.0479%, respectively, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2020, the District recognized OPEB expense of $(4,822).

Actuarial Methods and Assumptions

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

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

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23% of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 194,877
Current discount rate (3.50%)	178,585
1% increase (4.50%)	163,605

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 167,387
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	178,585
1% increase (4.7% Part A and 5.1% Part B)	200,952

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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2020, 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	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 24,483,436	$ 6,572,918	$ 3,712,968	$ 2,579,434
CalPERS	19,317,902	4,957,033	304,372	3,480,367
Total	$ 43,801,338	$ 11,529,951	$ 4,017,340	$ 6,059,801

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $2,967,049.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 24,483,436
State's proportionate share of the net pension liability associated with the District	13,357,349
Total	$ 37,840,785

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0271% and 0.0267%, respectively, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2020, the District recognized pension expense of $2,579,434. In addition, the District recognized pension expense and revenue of $1,989,197 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,967,049	$ -
Change in proportion and differences between contributions made and District's proportionate share of contribution	447,441	2,079,943
Differences between projected and actual earnings on pension plan investments	-	943,109
Differences between expected and actual experience in the measurement of the total pension liability	61,808	689,916
Changes of assumptions	3,096,620	-
Total	$ 6,572,918	$ 3,712,968

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (95,129)
2022	(748,717)
2023	(155,445)
2024	56,182
Total	$ (943,109)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 119,951
2022	119,950
2023	197,191
2024	532,858
2025	(136,996)
Thereafter	3,056
Total	$ 836,010

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk mitigating strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.04%

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:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 36,457,863
Current discount rate (7.10%)	24,483,436
1% increase (8.10%)	14,554,356

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, 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.

The CalPERS provisions and benefits in effect at June 30, 2020, 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	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are 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, 2020, are presented above, and the total District contributions were $2,201,949.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $19,317,902. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0663% and 0.0673%, respectively, resulting in a net decrease in the proportionate share of 0.0010%.

For the year ended June 30, 2020, the District recognized pension expense of $3,480,367. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,201,949	$ -
Change in proportion and differences between contributions made and District's proportionate share of contribution	432,238	125,195
Differences between projected and actual earnings on pension plan investments	-	179,177
Differences between expected and actual experience in the measurement of the total pension liability	1,403,254	-
Changes of assumptions	919,592	-
Total	$ 4,957,033	$ 304,372

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 176,867
2022	(353,288)
2023	(53,536)
2024	50,780
Total	$ (179,177)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,545,776
2022	812,406
2023	247,005
2024	24,702
Total	$ 2,629,889

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 27,845,485
Current discount rate (7.15%)	19,317,902
1% increase (8.15%)	12,243,682

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to $1,395,218 (10.328%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2020. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves in the Schedule of Financial Trends and Analysis.

Deferred Compensation

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

Note 13 - Risk Management

Claims Liability

The District records an estimated liability for healthcare claims against the District. Claims liability is based on the ultimate cost of the reported claims including future claim adjustment expense and an estimate for claims incurred, but not reported, based on historical experience. The projected liability for unpaid losses reported in the Statement of Net Position is $796,866 and was calculated using claim lag reports and completion factor methodology.

	Health Care
Liability Balance, July 1, 2018	$ 796,866
Claims and changes in estimates	9,226,195
Claims payments	(9,226,195)
Liability Balance, June 30, 2019	796,866
Claims and changes in estimates	8,385,008
Claims payments	(8,385,008)
Liability Balance, June 30, 2020	$ 796,866
Assets available to pay claims at June 30, 2020	$ 4,996,349

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. The District purchases coverage through their participation in the Bay Area Community College District Joint Powers Authority (BACCD JPA). The coverage provides liability coverage up to $1 million per occurrence. In addition, through participation in the BACCD JPA, the District also has coverage for damage to or loss of property up to $250,250,000 per occurrence. The District liability and property coverage is subject to a $100,000 and $250,000, respectively, per occurrence deductible. The District also provides health insurance benefits to District employees, their families, and retirees of the District.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2020, the District contracted with the Bay Area Community College District Joint Powers Authority for property and liability insurance coverage. During the past three years the District had no claims that exceeded the limit of liability provided by the BACCD JPA. Additionally, there has been no reduction in the coverage provided by the BACCD JPA.

Workers' Compensation

For fiscal year 2019-2020, the District participated in the Northern California Community College Pool, an insurance purchasing pool. The intent of the Pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Pool. 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 Pool. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Pool is limited to community college districts that can meet the Pool's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Northern California Community College JPA	Workers' Compensation	$ 1,000,000
Bay Area Community College District JPA	Property	250,250,000
Bay Area Community College District JPA	General Liability	1,000,000

Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Bay Area Community College District (BACCD) JPA, the Northern California Community College Pool (NCCCP), and the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority. The District pays annual premiums for its property and liability, health, workers' compensation, dental, and vision coverage. The relationship between the District and the JPAs are such that they are not component units 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.

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Note 15 - Subsequent Events

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

In August 2020, the District accepted quitclaim deeds for parcels of land at the former Fort Ord in Marina, California. This land was donated to the District by the Fort Ord Reuse Authority. As of the date of this report, the District has not obtained an appraisal for the value of the land.

Required Supplementary Information
June 30, 2020

Monterey Peninsula Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 521,369	$ 495,830	$ 234,699
Interest	545,492	661,508	639,050
Differences between expected and actual experience	891,338	(1,070,066)	-
Changes of assumptions	340,877	-	-
Benefit payments	(1,402,973)	(1,297,047)	(582,995)
Net changes in total OPEB liability	896,103	(1,209,775)	290,754
Total OPEB Liability - beginning	9,086,670	10,296,445	10,005,691
Total OPEB Liability - ending (a)	$ 9,982,773	$ 9,086,670	$ 10,296,445
Plan fiduciary net position			
Employer contributions	$ 1,814,983	$ 1,827,907	$ 695,009
Expected investment income	296,669	250,243	295,578
Benefit payments	(1,402,973)	(1,297,047)	(582,995)
Differences between projected and actual earnings on OPEB plan investments	(11,849)	(4,882)	-
Administrative expense	(4,592)	(500)	(500)
Net change in plan fiduciary net position	692,238	775,721	407,092
Plan fiduciary net position - beginning	4,360,427	3,584,706	3,177,614
Plan fiduciary net position - ending (b)	$ 5,052,665	$ 4,360,427	$ 3,584,706
District's net OPEB liability - ending (a) - (b)	$ 4,930,108	$ 4,726,243	$ 6,711,739
Plan fiduciary net position as a percentage of the total OPEB liability	50.61%	47.99%	34.81%
Covered-employee payroll	$ 26,642,274	$ 26,066,191	$ 23,494,589
District's net OPEB liability as a percentage of covered-employee payroll	18.50%	18.13%	28.57%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2020	2019	2018
Actual money-weighted rate of return, net of investment expense	5.88%	6.51%	9.23%

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

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.0480%	0.0479%	0.0505%
District's proportionate share of the net OPEB liability	$ 178,585	$ 183,407	$ 212,524
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.0271%	0.0267%	0.0279%	0.0290%	0.0317%	0.0320%
District's proportionate share of the net pension liability	$ 24,483,436	$ 24,535,147	$ 25,804,391	$ 23,455,119	$ 21,365,382	$ 18,691,915
State's proportionate share of the net pension liability associated with the District	13,357,349	14,047,519	15,265,660	13,352,581	11,299,932	11,286,985
Total	$ 37,840,785	$ 38,582,666	$ 41,070,051	$ 36,807,700	$ 32,665,314	$ 29,978,900
District's covered payroll	$ 15,691,720	$ 15,112,904	$ 15,411,582	$ 15,041,901	$ 14,507,218	$ 14,503,338
District's proportionate share of the net pension liability as a percentage of its covered payroll	156.03%	162.35%	167.44%	155.93%	147.27%	128.88%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
District's proportion of the net pension liability	0.0663%	0.0673%	0.0635%	0.0665%	0.0728%	0.0813%
District's proportionate share of the net pension liability	$ 19,317,902	$ 17,956,579	$ 15,152,951	$ 13,143,367	$ 10,727,955	$ 9,225,415
District's covered payroll	$ 10,950,554	$ 10,953,287	$ 8,083,007	$ 7,987,128	$ 8,057,608	$ 8,531,836
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.41%	163.94%	187.47%	164.56%	133.14%	108.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 2,967,049	$ 2,554,612	$ 2,180,792	$ 1,938,777	$ 1,613,996	$ 1,288,241
Contributions in relation to the contractually required contribution	2,967,049	2,554,612	2,180,792	1,938,777	1,613,996	1,288,241
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 17,351,164	$ 15,691,720	$ 15,112,904	$ 15,411,582	$ 15,041,901	$ 14,507,218
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 2,201,949	$ 1,977,889	$ 1,701,155	$ 1,122,568	$ 946,235	$ 948,461
Contributions in relation to the contractually required contribution	2,201,949	1,977,889	1,701,155	1,122,568	946,235	948,461
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,165,504	$ 10,950,554	$ 10,953,287	$ 8,083,007	$ 7,987,128	$ 8,057,608
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 6.50% to 6.00% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87% to 3.50% since the previous valuation.

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

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

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

Changes of Assumptions - There were no changes in economic assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2020

Monterey Peninsula Community College District

The Monterey Peninsula Community College District was established in 1961. The District provides higher education to communities within Monterey County. The District currently operates one campus located in Monterey and one education center. There were no changes to the District's boundaries during the 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.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Ms. Yuri Anderson	Chair	2022
Dr. Loren Steck	Vice Chair	2020
Ms. Marilynn Dunn Gustafson	Trustee	2020
Mr. Rick Johnson	Trustee	2020
Ms. Rosalyn Green	Trustee	2020
Mr. Robert Mountain	Student Trustee	2020

ADMINISTRATION

Mr. David Martin	Interim Superintendent/President
Mr. Steve Haigler	Interim Vice President, Administrative Services
Mr. Jon Knolle	Interim Vice President, Academic Affairs
Mr. Laurence Walker	Vice President, Student Services
Ms. Rebecca Michael	Vice President, Advancement

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Monterey Peninsula College Foundation, established 1994
Master Agreement revised 2017
Ms. Rebecca Michael, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 225,641	$ -
Federal Work-Study Program	84.033		184,146	-
Federal Pell Grant Program	84.063		6,187,379	-
Federal Pell Administrative Allowance	84.063		8,710	-
Federal Direct Student Loans	84.268		994,510	-
Subtotal Student Financial Assistance Cluster			7,600,386	-
TRIO Cluster				
Student Support Services Program	84.042A		428,402	-
Upward Bound Program	84.047A		462,108	-
Upward Bound - Math and Science	84.047M		322,853	-
Subtotal TRIO Cluster			1,213,363	-
COVID 19: CARES Act Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F		489,474	-
Title V - Ready, Set, Transfer	84.031S		807,331	8,682
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act, Perkins Title I, Part C	84.048A	19-C01-033	152,265	-
CTE Transitions	84.048A	19-C01-033	46,195	-
Subtotal			198,460	-
Total U.S. Department of Education			10,309,014	8,682
U.S. Department of Agriculture				
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	04130-CACFP-27-CC-IC	28,005	-
Research and Development Cluster				
National Science Foundation				
Marine Technology Mentoring and Internship Program on Oceanographic Research Vessels	47.050		115,246	-
Marine Advanced Technology Education Resource Center (MATE)	47.076		222,855	-
MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce	47.076		11,218	-
Marine Advanced Technology Education Support Center	47.076		92,148	-
MATE: A New Approach to ESROV	47.076		35,049	-
Total National Science Foundation			476,516	-
U.S. Department of Health and Human Services				
Passed through Regents of the University of California				
Baccalaureate Bridge to the Biomedical Sciences Program	93.859	A00-1162-S004-S0184268	12,080	-
Subtotal Research and Development Cluster			488,596	-

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Veterans Affairs				
Veterans Education	64.116		$ 2,118	$ -
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	19-REC-06	41,069	-
Child Care and Development Fund (CCDF) Cluster				
Passed through Yosemite Community College District				
Child Development Training Consortium	93.575	19-20-3969	9,205	-
Passed through from Chabot-Las Positas Community College District				
California Early Childhood Mentor Program	93.575	[1]	989	-
Subtotal CCDF Cluster			10,194	-
Total U.S. Department of Health and Human Services			51,263	-
Total Expenditures of Federal Awards			$ 10,878,996	$ 8,682

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

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Access Resource Center (DSP&S)	$ 818,740	$ -	$ -	$ 818,740	$ 818,740
Adult Education Block Grant	143,043	-	13,055	129,988	129,988
BACCC Bay Area Workforce	1,799,772	266,942	1,343,305	723,409	723,409
Basic Skills	8,258	-	-	8,258	8,258
BFAP Cash4College	11,999	-	5,632	6,367	6,367
California Promise Scholarship	676,449	1,335	155,214	522,570	522,570
CalWORKs	217,747	-	-	217,747	217,747
Campus Safety Program	4,802	-	197	4,605	4,605
Cap and Gown Grant	17,500	-	17,500	-	-
CARE	195,786	-	-	195,786	195,786
Child and Adult Care Food Program	1,434	-	-	1,434	1,434
Child Development: California State Preschool Program	459,304	162,796	181,561	440,539	440,539
City College of San Francisco	1,295	-	-	1,295	1,295
CTE Data Unlocked	49,872	-	49,872	-	-
Extended Opportunity Programs and Service (EOPS)	1,000,759	-	-	1,000,759	1,000,759
Financial Aid Technology	195,482	-	102,089	93,393	93,393
First 5 Workforce Development Incentive Project	49,673	47,775	-	97,448	97,448
Guided Pathways	542,697	-	458,705	83,992	83,992

Program	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Hunger Free Campus Support	$ 75,457	$ -	$ 18,526	$ 56,931	$ 56,931
Improving Online CTE Pathways Grant	119,988	34,224	-	154,212	154,212
Institutional Effectiveness Partnership Initiative	152,499	-	140,490	12,009	12,009
Instructional Materials-One Time fund	145,064	-	50,542	94,522	94,522
Mental Health Support	49,576	-	-	49,576	49,576
Monterey County Child Care Planning Council	6,575	-	6,575	-	-
Quality Matters (CDC)	32,414	-	19,744	12,670	12,670
Regional Nursing Program Grant	186,583	-	1,862	184,721	184,721
Song Brown Grant	30,000	10,000	-	40,000	40,000
Staff Diversity	62,817	-	18,251	44,566	44,566
Student Equity and Achievement	2,775,506	-	92,226	2,683,280	2,683,280
Student Financial Aide Admin (BFAP)	251,136	-	-	251,136	251,136
Student Success Completion	564,440	-	59,497	504,943	504,943
Umoja	10,000	-	-	10,000	10,000
Veterans Resource Center	121,837	-	83,495	38,342	38,342
Veterans Resource Center Grant Program	22,819	51,558	7,583	66,794	66,794
	$ 10,801,323	$ 574,630	$ 2,825,921	$ 8,550,032	$ 8,550,032

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	25.74	-	25.74
2. Credit	273.83	-	273.83
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	-	-	-
2. Credit	24.09	-	24.09
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,962.92	-	2,962.92
(b) Daily Census Contact Hours	202.55	-	202.55
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	180.17	-	180.17
(b) Credit	1,060.07	-	1,060.07
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	711.20	-	711.20
(b) Daily Census Procedure Courses	237.52	-	237.52
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	5,678.09	-	5,678.09
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
CCFS-320 Addendum			
CDCP Noncredit FTES	59.98	-	59.98
Centers FTES			
1. Noncredit*	36.12	-	36.12
2. Credit	573.81	-	573.81

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 7,481,476	$ -	$ 7,481,476	$ 7,481,476	$ -	$ 7,481,476
Other	1300	5,579,748	-	5,579,748	5,592,533	-	5,592,533
Total Instructional Salaries		13,061,224	-	13,061,224	13,074,009	-	13,074,009
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,421,873	-	2,421,873
Other	1400	-	-	-	477,622	-	477,622
Total Noninstructional Salaries		-	-	-	2,899,495	-	2,899,495
Total Academic Salaries		13,061,224	-	13,061,224	15,973,504	-	15,973,504
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,925,341	-	5,925,341
Other	2300	-	-	-	256,134	-	256,134
Total Noninstructional Salaries		-	-	-	6,181,475	-	6,181,475
Instructional Aides							
Regular Status	2200	525,580	-	525,580	724,340	-	724,340
Other	2400	359,350	-	359,350	388,102	-	388,102
Total Instructional Aides		884,930	-	884,930	1,112,442	-	1,112,442
Total Classified Salaries		884,930	-	884,930	7,293,917	-	7,293,917
Employee Benefits	3000	8,702,866	-	8,702,866	14,483,063	-	14,483,063
Supplies and Material	4000	-	-	-	594,400	-	594,400
Other Operating Expenses	5000	2,185,112	-	2,185,112	5,595,891	-	5,595,891
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		24,834,132	-	24,834,132	43,940,775	-	43,940,775

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	766,808	-	766,808
Lottery Expenditures							
Academic Salaries	1000	911,514	-	911,514	911,514	-	911,514
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Audited Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		911,514	-	911,514	1,678,322	-	1,678,322
Total for ECS 84362, 50 Percent Law		$ 23,922,618	$ -	$ 23,922,618	$ 42,262,453	$ -	$ 42,262,453
Percent of CEE (Instructional Salary Cost/Total CEE)		56.60%		56.60%	100.00%		100.00%
50% of Current Expense of Education					$ 21,131,227		$ 21,131,227

There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2020.

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 3,175,893
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 3,175,893	$ -	$ -	$ 3,175,893
Total Expenditures for EPA		$ 3,175,893	$ -	$ -	$ 3,175,893
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the atatement of net position are different because		
Total Fund Balances and Retained Earnings		
General Fund	$ 8,577,534	
Special Revenue Funds	974,722	
Debt Service Fund	9,062,554	
Capital Projects Fund	9,493,145	
Self Insurance Fund	7,559,787	
Student Financial Aid Fund	51,769	
Total fund balances and retained earnings		$ 35,719,511
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	208,536,806	
Accumulated depreciation is	(62,857,253)	
Total capital assets		145,679,553
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(558,637)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources amount to and related to:		
Deferred charges on refunding	6,741,280	
Aggregate net other postemployment benefits (OPEB) liability	2,322,998	
Aggregate net pension liability	11,529,951	
Total deferred outflows of resources		20,594,229

Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to:		
Aggregate net other postemployment benefits (OPEB) liability	$ (837,442)	
Aggregate net pension liability	(4,017,340)	
Total deferred inflows of resources		$ (4,854,782)
Aggregate net OPEB liability is not due and payable in the current period, and is not reported as liability in the funds.		(5,108,693)
Aggregate net pension liability is not due and payable in the current period, and is not reported as liability in the funds.		(43,801,338)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(117,618,522)	
Premium on bonds	(1,383,435)	
Compensated absences	(1,128,240)	
Early retirement plan	(328,280)	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	(7,812,874)	
Total long-term liabilities		(128,271,351)
Total net position		$ 19,398,492

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Temporary Assistance for Needy Families and Career and Technical Education Act, Perkins Title I, Part C funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2020. In addition, Federal Direct Student Loans funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government		$ 10,938,137
Federal Direct Student Loans	84.268	384
Career and Technical Education Act, Perkins Title I, Part C	84.048A	(39,816)
Temporary Assistance for Needy Families (TANF)	93.558	(19,709)
Total Schedule of Expenditures of Federal Awards		$ 10,878,996

Schedule of Expenditures of State Awards

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

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

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2020

Monterey Peninsula Community College District

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2021.

Internal Control over Financial Reporting

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

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

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

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

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

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

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

Section 411	SCFF Data Management Control Environment
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District did not receive Apprenticeship Related and Supplemental Instruction (RSI) Funds during the year; therefore, the compliance tests within this section were not applicable.

The District reports no attendance within classes subject to the TBA Hours; therefore, the compliance tests within this section were not applicable.

The District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Title V Ready, Set, Transfer	84.031S
COVID 19: CARES Act Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F

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

STATE AWARDS

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

None reported.

None reported.

None reported.

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.

Unaudited Supplementary Information
June 30, 2020

Monterey Peninsula Community College District

		Special Revenue Funds			Debt Service Funds		Capital Project Funds		
	General	Child Development	Student Center	Parking	Bond Interest and Redemption	Other Debt Service	Capital Outlay	General Obligation Bond Construction Fund	Total Governmental Funds (Memorandum Only)
Assets									
Cash and cash equivalents	$ 1,557,880	$ 120,464	$ 55,709	$ 10,146	$ -	$ -	$ -	$ -	$ 1,744,199
Investments	12,193,525	99,473	753,994	169,429	9,061,235	-	2,109,501	8,241,593	32,628,750
Accounts receivable	5,804,064	164,154	8,322	1,020	-	1,319	153,686	38,445	6,171,010
Student loans receivable	227,698	-	-	-	-	-	-	-	227,698
Due from other funds	128,177	-	-	-	-	-	-	10,125	138,302
Total assets	$ 19,911,344	$ 384,091	$ 818,025	$ 180,595	$ 9,061,235	$ 1,319	$ 2,263,187	$ 8,290,163	$ 40,909,959
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 7,372,412	$ 7,667	$ 2,338	$ 2,486	$ -	$ -	$ 204,088	$ 47,519	$ 7,636,510
Due to other funds	52,142	-	-	140,327	-	-	10,125	-	202,594
Unearned revenue	3,909,256	247,022	4,790	3,359	-	-	798,473	-	4,962,900
Total liabilities	11,333,810	254,689	7,128	146,172	-	-	1,012,686	47,519	12,802,004
Fund Balances									
Nonspendable	25,000	-	-	-	-	-	-	-	25,000
Restricted	-	129,402	810,897	34,423	9,061,235	1,319	1,250,501	8,242,644	19,530,421
Unassigned	8,552,534	-	-	-	-	-	-	-	8,552,534
Total fund balances	8,577,534	129,402	810,897	34,423	9,061,235	1,319	1,250,501	8,242,644	28,107,955
Total liabilities and fund balances	$ 19,911,344	$ 384,091	$ 818,025	$ 180,595	$ 9,061,235	$ 1,319	$ 2,263,187	$ 8,290,163	$ 40,909,959

	Unrestricted General	Restricted General	Combined General	Special Revenue Funds: Child Development	Special Revenue Funds: Student Center	Special Revenue Funds: Parking	Debt Service Funds: Bond Interest and Redemption	Debt Service Funds: Other Debt Service	Capital Project Funds: Capital Outlay	Capital Project Funds: General Obligation Bond Construction Fund	Total Governmental Funds (Memorandum Only)
Revenues											
Federal revenues	$ 68,235	$ 3,434,751	$ 3,502,986	$ 28,005	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,530,991
State revenues	16,765,245	8,383,566	25,148,811	454,643	-	-	25,146	-	180,870	-	25,809,470
Local revenues	28,810,605	813,185	29,623,790	201,981	229,861	382,211	9,029,212	16	851,148	190,860	40,509,079
Total revenues	45,644,085	12,631,502	58,275,587	684,629	229,861	382,211	9,054,358	16	1,032,018	190,860	69,849,540
Expenditures											
Current expenditures											
Academic salaries	16,276,242	3,361,743	19,637,985	-	-	-	-	-	-	-	19,637,985
Classified salaries	7,561,302	2,039,941	9,601,243	427,825	30,470	304,952	-	-	-	-	10,364,490
Employee benefits	14,781,082	2,257,126	17,038,208	163,137	10,741	223,464	-	-	-	-	17,435,550
Books and supplies	672,429	486,324	1,158,753	33,506	8,824	16,778	-	-	-	-	1,217,861
Services and operating expenditures	5,897,025	2,265,261	8,162,286	154,151	138,045	21,995	-	-	171,937	404,610	9,053,024
Capital outlay	320,716	579,369	900,085	-	-	700	-	-	749,933	306,713	1,957,431
Debt service - principal	-	-	-	-	-	-	7,185,000	-	-	-	7,185,000
Debt service - interest and other	-	-	-	-	-	-	1,443,121	-	-	-	1,443,121
Total expenditures	45,508,796	10,989,764	56,498,560	778,619	188,080	567,889	8,628,121	-	921,870	711,323	68,294,462
Excess of Revenues over (Under) Expenditures	135,289	1,641,738	1,777,027	(93,990)	41,781	(185,678)	426,237	16	110,148	(520,463)	1,555,078
Other Financing Sources (Uses)											
Operating transfers in	-	69,583	69,583	100,000	-	-	-	-	-	-	169,583
Operating transfers out	(169,583)	-	(169,583)	-	-	-	-	-	-	-	(169,583)
Other uses	-	(1,711,321)	(1,711,321)	-	-	-	-	-	-	-	(1,711,321)
Total other financing sources (uses)	(169,583)	(1,641,738)	(1,811,321)	100,000	-	-	-	-	-	-	(1,711,321)
Net Change in Fund Balances	(34,294)	-	(34,294)	6,010	41,781	(185,678)	426,237	16	110,148	(520,463)	(156,243)
Fund Balances, Beginning of Year	8,611,828	-	8,611,828	123,392	769,116	220,101	8,634,998	1,303	1,140,353	8,763,107	28,264,198
Fund Balances, End of Year	$ 8,577,534	$ -	$ 8,577,534	$ 129,402	$ 810,897	$ 34,423	$ 9,061,235	$ 1,319	$ 1,250,501	$ 8,242,644	$ 28,107,955

	Internal Service Funds
Assets	
Cash and cash equivalents	$ 273,297
Investments	7,576,550
Accounts receivable	369,359
Due from other funds	140,327
Total assets	$ 8,359,533
Liabilities and Retained Earnings	
Liabilities	
Accounts payable	$ 2,880
Claim liabilities	796,866
Total liabilities	799,746
Fund Equity	
Retained earnings	7,559,787
Total liabilities and retained earnings	$ 8,359,533

	Internal Service Funds
Operating Revenues	
Contributions	$ 9,151,253
Operating Expenses	
Employee benefits	(723,627)
Services and other operating expenditures	8,392,919
Total operating expenses	7,669,292
Operating Income	1,481,961
Nonoperating Revenues	
Interest income	5,300
Net Income	1,487,261
Retained Earnings, Beginning of Year	6,072,526
Retained Earnings, End of Year	$ 7,559,787

	Internal Service Funds
Cash Flows from Operating Activities	
Cash received from user charges	$ 10,458,051
Cash payments for insurance claims	(8,319,353)
Net Cash Flows from Operating Activities	2,138,698
Cash Flows from Investing Activities	
Interest on investments	5,300
Net Increase in Cash and Cash Equivalents	2,143,998
Cash and Cash Equivalents - Beginning	5,705,849
Cash and Cash Equivalents - Ending	$ 7,849,847
Reconciliation of operating income to net cash flows from operating activities	
Operating income	$ 1,481,961
Adjustments to reconcile operating income to net cash provided by operating activities	
Changes in assets and liabilities	
Receivables	447,125
Due from other fund	859,673
Accrued liabilities	(650,061)
Net Cash Flows from Operating Activities	$ 2,138,698
Cash and Cash Equivalents Consist of the Following	
Cash collections awaiting deposit	$ 273,297
Cash in county treasury	7,576,550
Total cash and cash equivalents	$ 7,849,847

	Associated Students Trust	(Agency) MATE Program	Student Financial Aid	Scholarships and Loans	ORR Fund
Assets					
Cash and cash equivalents	$ 284,506	$ 133,415	$ 90,515	$ 313,631	$ 33,293
Investments	-	-	-	102,703	-
Accounts receivable	7,902	-	181,531	89,641	-
Total assets	$ 292,408	$ 133,415	$ 272,046	$ 505,975	$ 33,293
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,104	$ 133,415	$ 220,277	$ 229,814	$ -
Due to other funds	-	-	-	-	-
Due to student groups	52,694	-	-	191,925	-
Total liabilities	53,798	$ 133,415	220,277	421,739	-
Fund Balances					
Restricted	238,610		51,769	84,236	33,293
Total liabilities and fund balances	$ 292,408		$ 272,046	$ 505,975	$ 33,293

	(Agency) Trust	(Agency) Continuing Education	GASB 74 OPEB Trust	Gentrain	Total
Assets					
Cash and cash equivalents	$ 345,402	$ 554,822	$ -	$ 59,281	$ 1,814,865
Investments	-	-	6,327,877	-	6,430,580
Accounts receivable	70,167	-	-	-	349,241
Total assets	$ 415,569	$ 554,822	$ 6,327,877	$ 59,281	$ 8,594,686
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,990	$ 6,061	$ -	$ -	$ 592,661
Due to other funds	76,035	-	-	-	76,035
Due to student groups	337,544	548,761	-	-	1,130,924
Total liabilities	$ 415,569	$ 554,822	-	-	1,799,620
Fund Balances					
Restricted			6,327,877	59,281	6,795,066
Total liabilities and fund balances			$ 6,327,877	$ 59,281	$ 8,594,686

	Associated Students Trust	Student Financial Aid	Scholarships and Loans	ORR Fund
Revenues				
Federal revenues	$ -	$ 7,407,146	$ -	$ -
State revenues	-	671,750	899,530	-
Local revenues	61,931	13,977	1,784,919	-
Total revenues	61,931	8,092,873	2,684,449	-
Expenditures				
Current expenditures				
Employee benefits	-	-	-	-
Services and operating expenditures	70,775	13,933	2,617,894	97
Student aid	-	8,079,285	-	-
Total expenditures	70,775	8,093,218	2,617,894	97
Excess of Revenues over (Under) Expenditures	(8,844)	(345)	66,555	(97)
Fund Balances, Beginning of Year	247,454	52,114	17,681	33,390
Fund Balances, End of Year	$ 238,610	$ 51,769	$ 84,236	$ 33,293

	GASB 74 OPEB Trust	Gentrain	Total
Revenues			
Federal revenues	$ -	$ -	$ 7,407,146
State revenues	-	-	1,571,280
Local revenues	2,416,118	41,413	4,318,358
Total revenues	2,416,118	41,413	13,296,784
Expenditures			
Current expenditures			
Employee benefits	1,132,096	-	1,132,096
Services and operating expenditures	8,810	86,480	2,797,989
Student aid	-	-	8,079,285
Total expenditures	1,140,906	86,480	12,009,370
Excess of Revenues over (Under) Expenditures	1,275,212	(45,067)	1,287,414
Fund Balances, Beginning of Year	5,052,665	104,348	5,507,652
Fund Balances, End of Year	$ 6,327,877	$ 59,281	$ 6,795,066

Note 1 - Purpose of Schedules

Fund Financial Statements

The unaudited accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.