

Financial Statements  
June 30, 2025

**North Orange County Community  
College District**

North Orange County Community College District

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June 30, 2025

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## Independent Auditor's Report

To the Board of Trustees  
North Orange County Community College District  
Anaheim, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and fiduciary activities of North Orange County Community College District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the North Orange County Community College District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Adoption of New Accounting Standard*

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19 and other required supplementary schedules on pages 64 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California  
January 12, 2026



Fred Williams  
Vice Chancellor, Finance and  
Facilities

## INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the North Orange County Community College District (the District) for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is reporting according to the standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 using the Business-Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards under the BTA model.

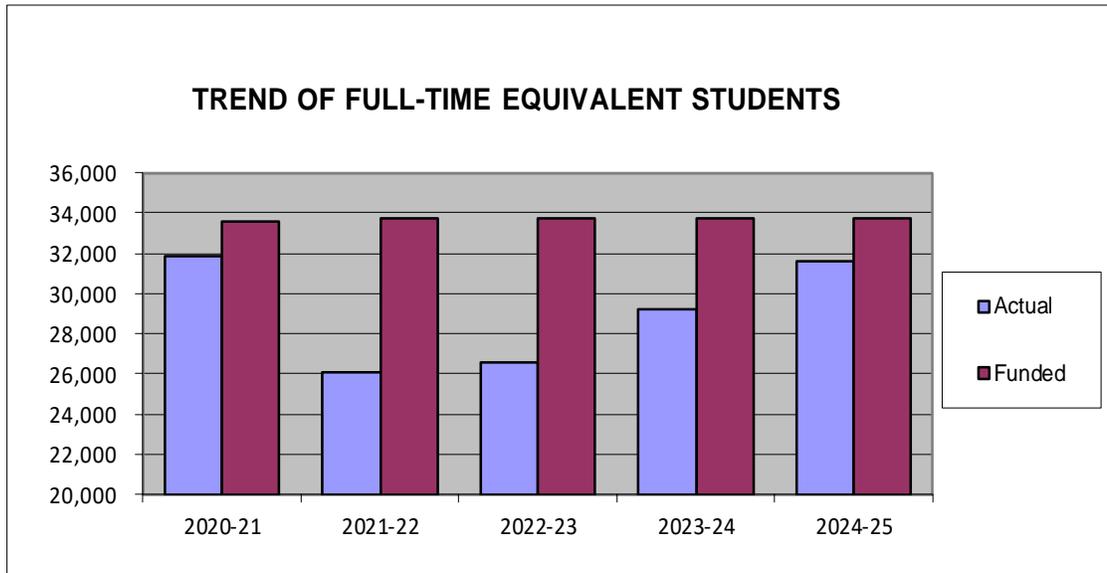
North Orange County Community College District includes two comprehensive community colleges and a large school of continuing education. The mission of the District is to serve and enrich our diverse communities by providing a comprehensive program of educational opportunities that are accessible, relevant, and academically excellent. The District is unequivocally committed to student success and lifelong learning. Cypress College and Fullerton College offer associate degrees, vocational certificates, and transfer education, as well as developmental instruction and a broad array of specialized training. Cypress College also offers a baccalaureate degree. North Orange Continuing Education offers non-college credit programs including high school diploma completion, basic skills, vocational certificates, and self-development courses.

## SELECTED HIGHLIGHTS

With the implementation of the State's Student-Centered Funding Formula (SCFF), a multi-year implementation period was included, which holds districts harmless if they drop below their 2017-2018 funding plus accumulated COLA increases. The District was in stability in 2017-2018, which means that funding was based on the 2016-2017 FTES levels. As a result, the hold harmless provision has been a windfall to our District, adding significant one-time resources. The hold harmless provision was extended through 2024-2025. In 2024-2025, the District received hold harmless funding of \$262.4 million which has become its new funding "floor". The District will receive no less than this amount in future years. This "floor" will not have any future COLA-based increases applied to it.

The SCFF provides revenue through three components:

- FTES (which comprises 70% of the formula)
- Supplemental Allocation (which comprises 20%), and
- Student Success Allocation (which is the remaining 10% of the formula).



Notes: The District applied for Emergency Conditions Allowance for fiscal years 2020-2021 through 2021-2022, which has allowed the District to use its 2019-2020 P1 FTES in its three-year average credit FTES calculation for funding purposes.

FTES still comprises the majority of the funding under the SCFF. In March 2020, in response to the pandemic, the Governor issued stay-at-home orders. The District responded by halting on-site instruction and transitioning classes in current and remaining terms to distance education. Due to the challenges faced by districts as a result of this transition, the State Chancellor’s office permitted districts the opportunity to apply for an emergency conditions allowance. This allowance permits districts to request that FTES from a period prior to the onset of the emergency condition be used for apportionment funding purposes. The District applied for that allowance for 2020-2021 through 2022-2023. The impact of the emergency conditions allowance phases out in 2024-2025. While the District FTES has not recovered to pre-pandemic levels yet, it increased by 8.31% or 2,427.42 FTES from the prior year.

The remaining two components of the funding formula focus on access for and success of students. The Supplemental Allocation is 20% of the SCFF. This is the component that targets equity of access and opportunity for low-income students. The Student Success Allocation is 10% of the SCFF. This is the component that targets and incentivizes successful outcomes of California Community College students.

The implementation of the SCFF has continued to be challenging. The application methodologies for the metrics and the associated funding rates have already been refined a few times at the State level. As a result of this as well as the adverse impacts on student data created by the pandemic, the transition period has been extended and will then result in a funding “floor,” as noted above. The District’s total computational revenue will be the greater of: (A) SCFF calculated revenue; (B) prior year SCFF calculated revenue plus COLA; and (C) hold harmless revenue.

The District has two outstanding facilities bond measures approved by voters: Measure X and Measure J. Measure X funds were fully expended in the 2020-21 fiscal year. See Note 8 for additional information on the Measure X and Measure J bonds, including outstanding balances.

In 2014, the voters of the District approved a \$574,000,000 Measure J Facilities Bond Measure. The \$100,000,000 (Series A) was issued in June 2016, \$150,000,000 (Series B) was issued in June 2019, and \$150,000,000 (Series C) was issued in September 2022. For Measure J, the voters approved projects primarily with a focus on supporting success for veterans as well as supporting facilities improvements that contribute to workforce development. The first of the projects included a new Cypress College Science, Engineering and Math Building, a new Veterans' Center, and expansion of the Student Activities Center. Work is underway on the Fullerton College 300 building, the Chapman Newell instructional building, M&O facilities, the Wilshire Plant relocation project, and the fine arts buildings on both campuses. Updates to the information technology infrastructure throughout the District are being done in conjunction with these projects.

## **FINANCIAL HIGHLIGHTS**

This section is to provide an overview of the District's financial activities. A comparative analysis is included in the Management's Discussion and Analysis using prior year information.

### **Financial Statement Presentation and Basis of Accounting**

The District's financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35 that provide a government-wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds, with inter-fund transactions eliminated.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2025, Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting, is found on page 84 of the report.

## **STATEMENT OF NET POSITION**

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

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

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

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

## THE DISTRICT AS A WHOLE

### Net Position

	2025	2024*	Change
<b>Assets</b>			
Cash and investments	\$ 475,521,275	\$ 549,160,125	\$ (73,638,850)
Receivables	48,754,258	53,853,288	(5,099,030)
Other current assets	1,051,911	44,165	1,007,746
Net other postemployment benefits asset	-	12,062,492	(12,062,492)
Capital assets, net	689,755,018	601,274,848	88,480,170
<b>Total assets</b>	<b>1,215,082,462</b>	<b>1,216,394,918</b>	<b>(1,312,456)</b>
Deferred Outflows of Resources	124,889,739	101,643,127	23,246,612
<b>Liabilities</b>			
Accounts payable and accrued liabilities	97,945,510	108,755,500	(10,809,990)
Current portion of long-term liabilities	33,483,820	28,690,470	4,793,350
Noncurrent portion of long-term liabilities	635,239,199	619,234,098	16,005,101
<b>Total liabilities</b>	<b>766,668,529</b>	<b>756,680,068</b>	<b>9,988,461</b>
Deferred Inflows of Resources	35,881,324	29,468,973	6,412,351
<b>Net Position</b>			
Net investment in capital assets	536,283,354	486,132,138	50,151,216
Restricted	137,608,542	140,634,417	(3,025,875)
Unrestricted deficit	(136,469,548)	(94,877,551)	(41,591,997)
<b>Total net position</b>	<b>\$ 537,422,348</b>	<b>\$ 531,889,004</b>	<b>\$ 5,533,344</b>

\* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

- Cash and investments consist primarily of cash and funds held in a county investment pool in the General Fund (\$156.6 million), Bond Fund (\$144.9 million), Capital Outlay Fund (\$77.6 million), and the Self Insurance Fund (\$16.9 million). The decrease of \$73.6 million was mostly attributable to cash flows from operating activities including payments for employee salaries and benefits and payments for student scholarships and grants. The Statement of Cash Flows included in these financial statements provides greater detail of the sources and uses of the District's cash during the 2024-2025 fiscal year.
- Accounts receivable activity consists mainly of receivables from Federal and State sources for grant and entitlement programs and receivables from local sources for all other purposes as well as state apportionment. Student receivables, lease receivables, and due from fiduciary funds are also included in this balance. State capital outlay aid and other local sources comprise the majority of the balance, with \$6.4 million and \$6.0 million in receivables, respectively. Note 5 of these financial statements provides a summary of the accounts receivable balance. This year, there is a net decrease in receivables mostly due to the prior year apportionment receivable that was settled in 2024-2025.
- Other assets are primarily inventory and prepaid expenses. Inventory is primarily made up of merchandise to be cleared previously held for sale in the bookstores located at Fullerton College and North Orange Continuing Education.
- Net other postemployment benefits liability represents the amount by which the total OPEB liability exceeds the plan fiduciary net position. See Note 9 for more information.
- Capital assets, net is primarily made up of the District's investments in land, buildings and building improvements, construction in progress, vehicles, leased building space, and subscription IT assets at historical cost and net of accumulated depreciation/amortization. Additional discussion on capital assets is included below. Also, Note 7 of these financial statements provides a summary of changes during the 2024-2025 fiscal year.
- Deferred outflows of resources represent a consumption of net assets that is applicable to a future reporting period. For example, prepaid items and deferred charges. In our instance, the deferred outflow associated with OPEB and pension costs has increased compared to the prior year primarily due to differences between expected and actual experience in the measurement of the total pension liabilities. (See Notes 9 and 11).
- Accounts payable are amounts due as of the fiscal year-end for goods and services received as of June 30, 2025. Also included are accrued liabilities for amounts due to or on behalf of employees for wages and benefits earned as of the end of the fiscal year, but paid out subsequent to June 30, 2025. Unearned revenues have been combined into this line and are those funds that are received, but not yet earned. They typically involve restricted State and Federal grants that are earned when spent and allow more than one year to expend the funds. This year, the overall decrease of \$10.8 million in accounts payable and accrued liabilities is primarily related to categorical funding that was deferred into the following fiscal year.

- Long-term liabilities include bonded debt issuances and unamortized premiums related to the general obligation bond liability, leases, subscription IT arrangements, compensated absences, claim liabilities, and aggregate net OPEB and net pension obligations. The increase in long-term liabilities of \$20.8 million is primarily due to the implementation of GASB Statement No. 101 – *Compensated Absences* in the 2024-2025 fiscal year. This new pronouncement requires the District to recognize a portion of its outstanding sick pay balance at June 30 as a liability on the financial statements. The increase in compensated absence liability balance was partially offset by payments made against the general obligation bond liability. The District has bonded debt issuances outstanding that amounts to \$332.8 million, consisting of bonds issued as part of Measures X and J, as well as Refunding Bonds issued on portions of bonds issued under Measure X. The \$59.7 million in compensated absences are amounts accrued for accumulated, unpaid employee vacation benefits, sick pay, and load banking where eligible academic employees may teach extra courses in one period for exchange for time off in another period. Claims payable and the aggregate net OPEB liability are based on actuarially determined amounts. Claims payable are potential liabilities associated with workers' compensation and property and liability claims. The aggregate net OPEB liability is presented in accordance with the most recent required accounting principle. Aggregate net pension obligation amounts are provided based on calculations from CalSTRS and CalPERS. Notes 8 through 11 of these financial statements provides more information on the District's long-term liabilities. Additional information regarding long-term debt is included in the Long-Term Liability Administration section of this discussion and analysis
- Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. For example, deferred revenue and advance collections. In our instance, deferred inflows associated with changes in the net OPEB and net pension liabilities have increased from the prior year primarily due to increased differences between projected and actual earnings on pension plan investments. (See Notes 9 and 11).

## **CAPITAL ASSETS AND LONG-TERM LIABILITY ADMINISTRATION**

### **Capital Assets**

As of June 30, 2025, the District had \$689.8 million invested in net capital assets. Total capital assets of \$966.6 million consist of land, buildings and building improvements, construction in progress, vehicles, data processing equipment, other office equipment, and right-to-use leased building space and software subscriptions. These assets have accumulated depreciation/amortization of \$276.9 million over the years they have been in service. During 2024-2025, \$37.9 million of buildings and improvement projects completed construction. In addition, \$104.6 million of construction in progress occurred during 2024-2025 primarily as a result of Measure J funded projects. Depreciation/amortization expense of \$18.0 million was recorded for the fiscal year.

Capital additions primarily comprise replacement, renovation, and new construction. At Fullerton College, construction was completed in 2023-2024 for a new instructional building and the chiller plant expansion. Work continues on the Fullerton College 300 building, the Chapman Newell instructional building, M&O facilities, the Wilshire Plant relocation project, and the fine arts buildings on both campuses. The District will also be continuing with other locally funded projects.

Note 7 in the financial statements provides additional information on capital assets. A summary of these assets is presented below.

	Balance, June 30, 2025	Balance, June 30, 2024
<b>Capital Assets</b>		
Land and construction in progress	\$ 185,652,133	\$ 118,954,382
Buildings and improvements, net	496,992,016	474,439,290
Furniture and equipment, net	5,684,071	6,136,450
Right-to-use leased building and improvements, net	15,729	204,474
Right-to-use subscription IT assets, net	1,411,069	1,540,252
Total capital assets, net	\$ 689,755,018	\$ 601,274,848

**Long-Term Liabilities**

At June 30, 2025, the District had \$668.7 million in long-term liabilities consisting of \$332.8 million from general obligation bonds; \$1.8 million from self-insurance claims payable; \$59.7 million from compensated absences; \$0.5 million from subscription-based IT arrangements and leases; \$17.5 million from the aggregate net OPEB liability; and \$256.4 million as the aggregate net pension obligation which represents the proportionate share of net pension liability of CalSTRS and CalPERS based on GASB Statements No. 68 and No. 71 (See Note 11).

The general obligation bonds were issued to fund various projects related to construction, purchase and renovation of instructional facilities, laboratories, centers, administrative facilities, and parking structures. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds. The District's current bond rating is AA+ from Standard & Poor's and Aa1 from Moody's. Both ratings are just one notch below each agency's maximum rating.

The District offers two different OPEB plans. The District Plan is reported as a net OPEB liability and the Medicare Premium Payment program, a cost-sharing multiple-employer OPEB plan administered by CalSTRS, is reported as a net OPEB liability. The total OPEB liability for each plan has been determined under the most recent required accounting principles of GASB 74 and 75, which provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. The value of assets in the District's Irrevocable Retiree Benefit Trust offsets the District's OPEB liability. As of June 30, 2025, the total OPEB liability is still significantly funded by the value of the assets in the Trust. The net position and activity for the irrevocable trust are shown on pages 24 and 25 as part of the Fiduciary funds.

Notes 8 through 11 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	Balance, June 30, 2025	Balance, June 30, 2024*
General obligation bonds	\$ 332,809,886	\$ 352,787,943
Claims payable	1,809,652	2,568,567
Compensated absences	59,734,737	17,551,908
Leases	16,611	207,501
Subscription-based IT arrangements	459,289	821,093
Net OPEB liability	17,523,066	703,562
Aggregate net pension liability	256,369,778	273,283,994
Total long-term liabilities	668,723,019	647,924,568
Less current portion	33,483,820	28,690,470
Long-term portion	\$ 635,239,199	\$ 619,234,098

\* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

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

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

North Orange County Community College District  
Management's Discussion and Analysis  
June 30, 2025

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2025 and 2024, is summarized below:

	<u>2025</u>	<u>2024*</u>	<u>Change</u>
<b>Operating Revenues</b>			
Tuition and fees, net	\$ 19,970,184	\$ 19,285,714	\$ 684,470
Grants and contracts, noncapital	90,456,077	90,526,476	(70,399)
Auxiliary sales and charges	1,213,489	658,012	555,477
<b>Total operating revenues</b>	<b><u>111,639,750</u></b>	<b><u>110,470,202</u></b>	<b><u>1,169,548</u></b>
<b>Operating Expenses</b>			
Salaries and benefits	315,394,164	307,290,078	8,104,086
Supplies, services, equipment, and maintenance	60,390,818	66,659,628	(6,268,810)
Student financial aid	111,806,510	84,254,240	27,552,270
Depreciation and amortization	18,037,675	17,537,388	500,287
<b>Total operating expenses</b>	<b><u>505,629,167</u></b>	<b><u>475,741,334</u></b>	<b><u>29,887,833</u></b>
<b>Operating loss</b>	<b><u>(393,989,417)</u></b>	<b><u>(365,271,132)</u></b>	<b><u>(28,718,285)</u></b>
<b>Nonoperating Revenues (Expenses)</b>			
State apportionments	121,509,075	127,912,828	(6,403,753)
Property taxes	163,705,574	156,731,780	6,973,794
Student financial aid grants	96,768,620	75,705,280	21,063,340
State revenues	8,893,991	12,929,814	(4,035,823)
Net interest expense	10,329,587	12,041,989	(1,712,402)
Other nonoperating revenues	12,281,882	9,333,278	2,948,604
<b>Total nonoperating revenue (expenses)</b>	<b><u>413,488,729</u></b>	<b><u>394,654,969</u></b>	<b><u>18,833,760</u></b>
<b>Other Revenues (Losses)</b>			
State capital income and losses on disposal of capital assets	29,313,769	8,113,730	21,200,039
<b>Change in net position</b>	<b><u>\$ 48,813,081</u></b>	<b><u>\$ 37,497,567</u></b>	<b><u>\$ 11,315,514</u></b>

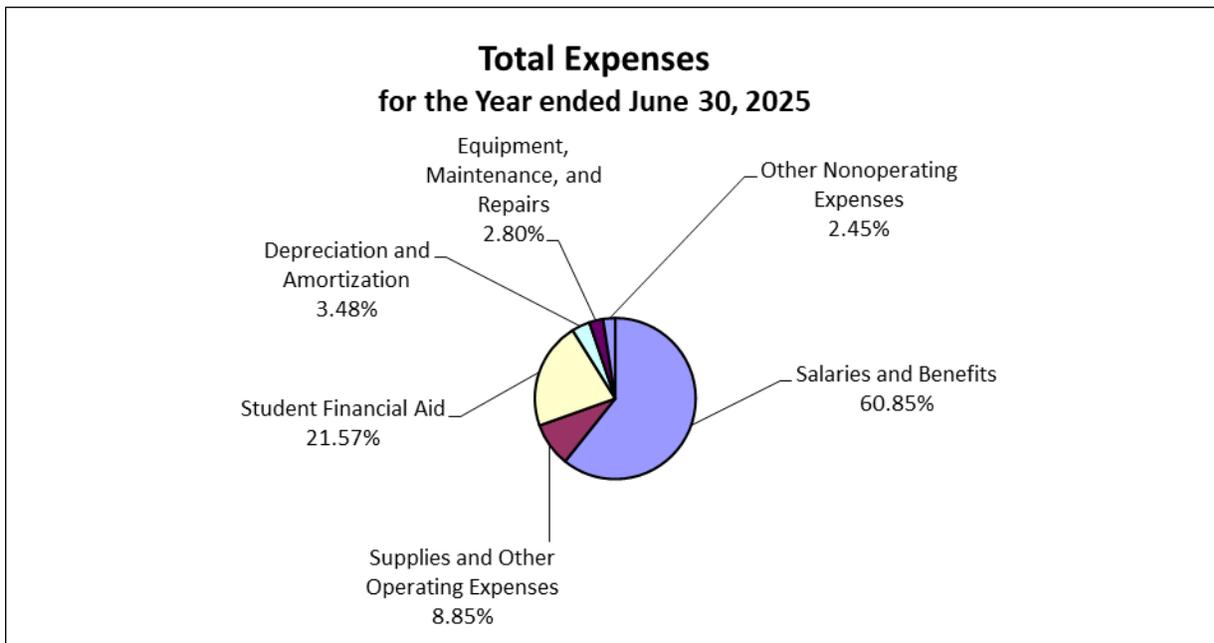
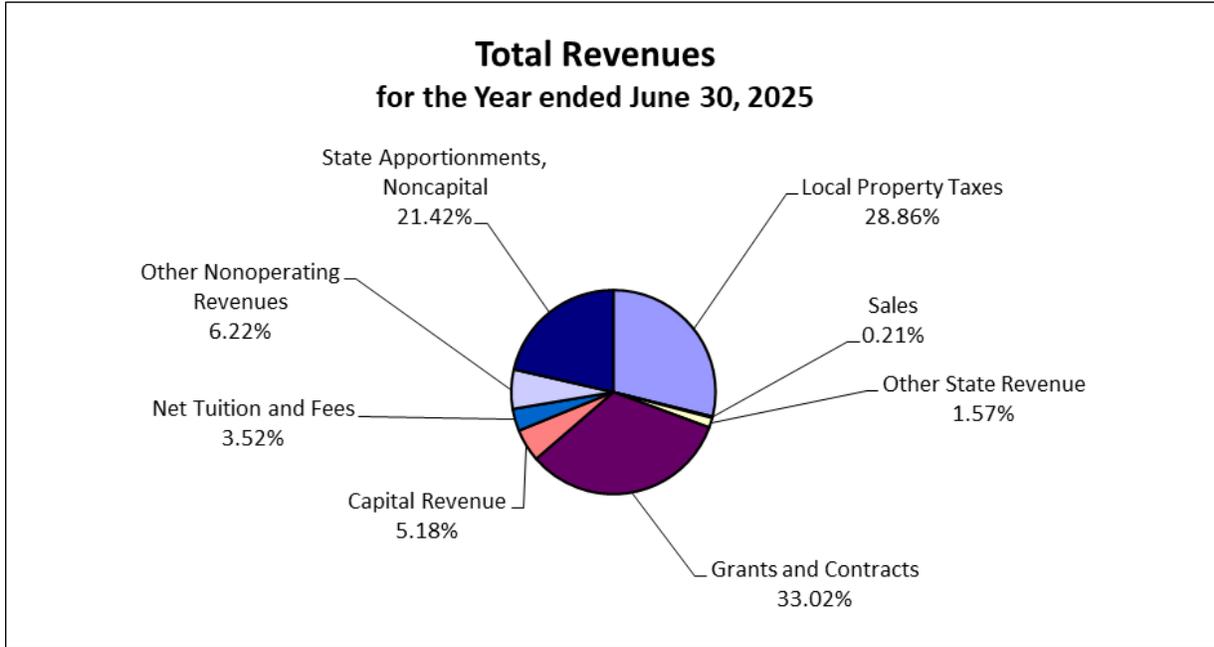
\*Expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

- Net tuition and fees are generated by the resident, non-resident, and foreign fees paid by students attending the District. These include fees paid for enrollment, health services, parking, community services classes, and other related fees. The increase in these amounts is attributable to the resumption of on-campus classes coming out of the pandemic allowing more access to classes for the traditional student population.
- Grants and contracts, noncapital received as operating revenues are primarily those funds received from Federal and State sources and used in instructional programs (e.g., Student Success and Strong Workforce Initiative-related programs). Pages 74 through 78 of the supplementary information section of this report provide a listing of Federal and State noncapital grants and contracts.

- Auxiliary sales are for commissions from vendor contracts for bookstores, food services and vending machines at the campuses.
- Salaries and benefits comprise 62.4% of total operating expenses from a District-wide full-accrual perspective. In other words, these amounts include the activity from all District funds, not just the General Fund. Consequently, this percentage is lower than normally discussed when talking about the percentage of salaries as compared to total expenses since it is computed using all Capital Outlay and Bond Fund expenditures that are primarily capital outlay expenditures. Salaries and benefits in the General Fund make up 86.1% of total General Fund expenses as reflected on page 103 of this report (exclusive of student financial aid, net transfers out, and other net uses). Academic salaries increased by \$5.7 million and classified salaries increased by \$5.1 million, which is attributable to salary increases. Benefit costs increased by \$2.1 million, in line with this activity, as well as increases in pension expense rates and increased benefit costs overall. See Note 11 for more information on pension-related activity.
- Other operating expenses consist of supplies, insurance, utilities, depreciation and amortization expense, other services, and capital outlay items below the capitalization threshold. The decrease in this area is primarily the result of greater expenditures for capital outlay activities in the prior year as the campuses responded to the instructional needs of returning to on-campus instruction as well as maintaining hybrid solutions.
- Student financial aid is made up of financial assistance payments made to students as part of the Student Financial Aid cluster of programs.
- The operating loss reported on the Statement of Revenues, Expenses, and Changes in Net Position is related to the reporting requirements of GASB Statement No. 35 that identify transactions as either exchange or non-exchange. If a transaction is considered an exchange transaction, then the revenue is considered operating revenue. Conversely, if a transaction is deemed a non-exchange transaction, then the revenue is considered nonoperating revenue. In our case, the revenues received from the State of California as apportionment and from local property taxes are deemed non-exchange transactions and consequently, nonoperating revenues. Every community college district within the State of California will have a large operating loss due to this required reporting presentation.
- State apportionments, local property taxes, and tuition and fees are all components of the community college apportionment funding model. The model is comprised of a base allocation, an amount per credit FTES, noncredit FTES, and an enhanced amount per qualifying noncredit FTES for career development and college preparation courses. With the implementation of the Student-Centered Funding Formula, additional components provide a supplemental allocation that targets equity of access and opportunity for low-income students and a student success allocation incentivizing successful outcomes of students. An important aspect of the community college apportionment funding model is the inverse relationship between State apportionment and local property taxes. Thus, our funding essentially comes from enrollment fees and local property taxes with the difference made up by State apportionment. The District was in hold harmless for 2024-25.

- Local property taxes are received through the Auditor-Controller's Office for Orange and Los Angeles Counties. The amount received for property taxes is deducted from the total State apportionment amount for general revenue calculated by the State. The increase in property tax revenues received is the result of an increase in funds provided to the District through the tax allocations from the Orange County Treasurer's Office.
- Student financial aid grants listed as nonoperating revenues consist of funds received for direct assistance to students. In light with the increase in enrollments, student financial aid funding and disbursements increased especially Federal Pell Grants. Pages 74 through 78 of the supplementary information section of this report provide a complete listing of Federal and State noncapital grants and contracts.
- State revenues include state taxes and other revenues mainly comprised of State mandated cost revenues and lottery revenues. Lottery revenue is based on the prior year's FTES. The District has elected to participate in an emergency conditions provision that permits the use of the 2019-2020 P1 FTES for funding purposes. Therefore, funding for these remained fairly consistent with the prior year.
- Net interest income shown is the net of interest expense on capital related debt and investment income earned. Investment income decreased \$1.7 million. This can be attributed to the spend down of operating cash and slightly lower interest rates provided by the Orange County Treasurer's investment pool in spring 2025.
- Other nonoperating revenues (expenses), net are comprised of the amounts recorded for other local revenues and transfers to and from the fiduciary funds.
- Other Revenues are comprised of state capital income and losses on disposal of capital assets.

The following charts show the major components of total revenues and total expenses using the more detailed Statement of Revenues, Expenses, and Changes in Net Position presented on page 21.



**STATEMENT OF CASH FLOWS**

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

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

A summarized Statement of Cash Flows for the years ended June 30, 2025 and 2024, is presented below:

	2025	2024*	Change
Net Cash Flows from			
Operating activities	\$ (396,181,065)	\$ (350,713,036)	\$ (45,468,029)
Noncapital financing activities	367,685,755	350,198,700	17,487,055
Capital financing activities	(68,230,204)	(67,496,586)	(733,618)
Investing activities	23,049,166	22,907,049	142,117
Net Increase (Decrease) in Cash	(73,676,348)	(45,103,873)	(28,572,475)
Cash and Cash Equivalents, Beginning of Year	546,194,348	591,298,221	(45,103,873)
Cash and Cash Equivalents, End of Year	\$ 472,518,000	\$ 546,194,348	\$ (73,676,348)

\* Cash flows from operating activities for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

- Operating activities mainly consist of cash receipts from student tuition and cash payments for salaries, benefits, supplies, Federal, State, and other local operating grants and contracts, other operating expenses, utilities, insurance, and other items related to the instructional program.
- Noncapital financing activities are primarily comprised of State apportionment, property taxes, and Federal and State financial aid grants for other than capital purposes. State apportionments and property taxes received account for 69% of the total cash provided by noncapital financing activities. Additionally, cash received from noncapital related grants and contracts accounts for 26% of the total cash provided by noncapital financing activities.
- Capital financing activities are mostly made up of the purchase or sale of capital assets, principal and interest payments on any debt issued, and cash sources or uses from Federal, State, and local grants for capital purposes.

The cash from investing activities is interest earned on cash in banks and the change in market value of cash invested through the Orange County Educational Investment Pool. The increase in cash received from investing activities is due to increased interest revenue from investments.

### FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. The District's operating expenses by functional classification for the fiscal year ended June 30, 2025, are:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	\$ 140,334,869	\$ 4,727,346	\$ -	\$ 424,976	\$ -	\$ 145,487,191
Academic support	52,545,493	7,647,710	-	321,592	-	60,514,795
Student services	53,658,334	4,094,087	-	91,936	-	57,844,357
Plant operations and maintenance	16,842,186	11,826,134	-	241,810	-	28,910,130
Instructional support services	41,455,299	14,162,748	-	52,855	-	55,670,902
Community services and economic development	994,844	516,554	-	-	-	1,511,398
Ancillary services and auxiliary operations	6,346,121	1,951,102	-	7,810	-	8,305,033
Student aid	22,338	142,515	111,806,510	368	-	111,971,731
Physical property and related acquisitions	3,194,680	823,226	-	13,358,049	-	17,375,955
Unallocated depreciation and amortization	-	-	-	-	18,037,675	18,037,675
<b>Total</b>	<b>\$ 315,394,164</b>	<b>\$ 45,891,422</b>	<b>\$ 111,806,510</b>	<b>\$ 14,499,396</b>	<b>\$ 18,037,675</b>	<b>\$ 505,629,167</b>

### DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree OPEB benefits. These amounts are included herein and are reported separately from the District's operating statements. These resources can only be used towards the costs of retiree health benefits. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. See Note 9 for more information on the OPEB activity.

## **BUDGETARY HIGHLIGHTS**

By the May Revision, the state's budget landscape changed significantly. State projections went from anticipating a slight surplus to projecting a \$12 billion deficit. The final enacted budget was balanced through a combination of reserves, program reductions, and deferrals. For the California community college system, the 2025-26 state budget continued to focus on stability and did not include any major reductions to core community college programs or services. Despite the budget deficit, the 2025-26 state budget included a cost of living adjustment (COLA) of 2.30% for apportionment and select categorical programs, and systemwide growth funding of 2.35% over two years. At 2025-26 adopted budget, the District projected it would receive stability funding, which is the prior year calculated student centered funding formula revenue plus COLA.

## **ECONOMIC FACTORS AFFECTING THE FUTURE**

The California economy plays a pivotal role in shaping the budgetary outlook for community colleges. The state's economic health is a crucial determinant of available funds for education.

Key economic indicators show:

- While inflation continues to remain above the Federal Reserve's target of 2.0%, economists expect the Reserve to use monetary policies to keep the economy stimulated in light of weakening labor market trends.
- As of August 2025, California's unemployment rate remained at 5.5%, which is 1.2 percentage points higher than the U.S. rate.
- Housing affordability continues to be a challenge in California. Existing single-family home sales remain low while median home prices continue to rise. In addition, construction activity appears stagnant as building permits were flat through August 2025 and construction employment declines.
- Investment in artificial intelligence (AI) is helping to bolster the overall U.S. economy especially the California economy. However, economists warn AI investment may be partly bubble driven.

These factors coupled with uncertainty related to new federal policies and a recent change in the student attendance accounting method for certain distance education courses, add volatility to the District's future funding and necessitate a cautious approach to budget forecasts. Management continues to closely monitor the State budget information and operating costs of the District and will maintain a close watch over resources to ensure financial stability and retain reserve levels required by Board Policy and the State Chancellor's Office.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, 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, please contact the Vice Chancellor, Administrative Services, North Orange County Community College District, 1830 West Romney Drive, Anaheim, CA 92801.

# North Orange County Community College District

## Primary Government Statement of Net Position June 30, 2025

Assets	
Cash and cash equivalents	\$ 29,295,649
Investments	446,225,626
Accounts receivable	27,624,412
Student receivables	14,385,280
Due from fiduciary funds	6,000,000
Prepaid expenses	1,013,457
Inventories	37,954
Other assets	500
Lease receivables	744,566
Capital assets not depreciated or amortized	185,652,133
Capital assets, net of accumulated depreciation and amortization	<u>504,102,885</u>
Total assets	<u>1,215,082,462</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	32,235,395
Deferred outflows of resources related to pensions	<u>92,654,344</u>
Total deferred outflows of resources	<u>124,889,739</u>
Liabilities	
Accounts payable	48,294,972
Accrued interest payable	4,095,490
Unearned revenue	45,555,048
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	33,483,820
Long-term liabilities other than OPEB and pensions, due in more than one year	361,346,355
Aggregate net other postemployment benefits (OPEB) liability	17,523,066
Aggregate net pension liability	<u>256,369,778</u>
Total liabilities	<u>766,668,529</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	677,269
Deferred inflows of resources related to OPEB	11,848,021
Deferred inflows of resources related to pensions	<u>23,356,034</u>
Total deferred inflows of resources	<u>35,881,324</u>
Net Position	
Net investment in capital assets	536,283,354
Restricted for	
Debt service	29,175,319
Capital projects	79,362,440
Educational programs	8,155,527
Other activities	20,915,256
Unrestricted deficit	<u>(136,469,548)</u>
Total Net Position	<u>\$ 537,422,348</u>

North Orange County Community College District  
Primary Government  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2025

Operating Revenues	
Tuition and fees	\$ 29,226,243
Less: Scholarship discounts and allowances	(9,256,059)
Net tuition and fees	<u>19,970,184</u>
Grants and contracts, noncapital	
Federal	10,415,251
State	78,065,993
Local	1,974,833
Total grants and contracts, noncapital	<u>90,456,077</u>
Auxiliary enterprise sales and charges	
Bookstore	346,984
Cafeteria	866,505
Total operating revenues	<u>111,639,750</u>
Operating Expenses	
Salaries	231,683,646
Employee benefits	83,710,518
Supplies, materials, and other operating expenses and services	45,891,422
Student financial aid	111,806,510
Equipment, maintenance, and repairs	14,499,396
Depreciation and amortization	18,037,675
Total operating expenses	<u>505,629,167</u>
Operating Loss	<u>(393,989,417)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	121,509,075
Local property taxes, levied for general purposes	131,156,159
Taxes levied for other specific purposes	32,549,415
Federal and State financial aid grants	96,768,620
State taxes and other revenues	8,893,991
Investment income, net	21,970,763
Interest expense on capital related debt	(12,654,670)
Investment income on capital asset-related debt, net	1,013,494
Other nonoperating revenue	12,281,882
Total nonoperating revenues (expenses)	<u>413,488,729</u>
Income Before Other Revenues and Losses	<u>19,499,312</u>
Other Revenues (Losses)	
State revenues, capital	29,362,934
Loss on disposal of capital assets	(49,165)
Total other revenues (losses)	<u>29,313,769</u>
Change In Net Position	48,813,081
Net Position, Beginning of Year, as previously reported	531,889,004
Adjustment (Note 13)	(43,279,737)
Net Position, Beginning of Year, as restated	<u>488,609,267</u>
Net Position, End of Year	<u>\$ 537,422,348</u>

# North Orange County Community College District

Primary Government  
Statement of Cash Flows  
Year Ended June 30, 2025

<b>Operating Activities</b>	
Tuition and fees	\$ 20,623,650
Federal, state, and local grants and contracts, noncapital	79,089,533
Auxiliary sales	1,213,489
Payments to or on behalf of employees	(321,440,103)
Payments to vendors for supplies and services	(63,861,124)
Payments to students for scholarships and grants	<u>(111,806,510)</u>
Net cash flows from operating activities	<u>(396,181,065)</u>
<b>Noncapital Financing Activities</b>	
State apportionments	123,992,051
Federal and state financial aid grants	96,768,620
Property taxes - nondebt related	131,156,159
State taxes and other apportionments	10,012,851
Other nonoperating	<u>5,756,074</u>
Net cash flows from noncapital financing activities	<u>367,685,755</u>
<b>Capital Financing Activities</b>	
Purchase of capital assets	(98,273,166)
State revenue, capital	31,039,797
Property taxes - related to capital debt	32,549,415
Principal paid on capital debt	(24,325,184)
Interest paid on capital debt	(10,234,560)
Interest received on capital asset-related debt	<u>1,013,494</u>
Net cash flows from capital financing activities	<u>(68,230,204)</u>
<b>Cash Flows from Investing Activities</b>	
Change in fair market value of cash in county treasury	3,524,615
Purchase of investments	1,673,189
Interest received from investments	<u>17,851,362</u>
Net cash flows from investing activities	<u>23,049,166</u>
Change In Cash and Cash Equivalents	(73,676,348)
Cash and Cash Equivalents, Beginning of Year	<u>546,194,348</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 472,518,000</u></u>

North Orange County Community College District

Primary Government  
Statement of Cash Flows  
Year Ended June 30, 2025

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (393,989,417)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	18,037,675
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(1,619,195)
Student receivables	(6,987,636)
Inventories, prepaids, and other assets	(1,007,746)
Lease receivables	83,853
Deferred outflows of resources related to OPEB	(27,235,232)
Deferred outflows of resources related to pensions	3,988,620
Accounts payable	(1,882,746)
Unearned revenue	(2,093,549)
Compensated absences	(1,096,908)
Claims liability	(758,915)
Aggregate net OPEB liability	28,881,996
Aggregate net pension liability	(16,914,216)
Deferred inflows of resources related to leases	(96,551)
Deferred inflows of resources related to OPEB	3,711,477
Deferred inflows of resources related to pensions	<u>2,797,425</u>
Total adjustments	<u>(2,191,648)</u>
Net cash flows from operating activities	<u><u>\$ (396,181,065)</u></u>
Cash and Cash Equivalents Consist of the Following	
Cash in banks	\$ 29,295,649
Cash in county treasury	<u>443,222,351</u>
Total cash and cash equivalents	<u><u>\$ 472,518,000</u></u>
Noncash Transactions	
Amortization of debt premiums	\$ 830,867
Accretion of interest on capital appreciation bonds	\$ 3,517,810
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	\$ 1,107,490

North Orange County Community College District

Fiduciary Fund

Statement of Net Position

June 30, 2025

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 159,367,272</u>
Liabilities	
Due to primary government	<u>\$ 6,000,000</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 153,367,272</u>

North Orange County Community College District  
 Fiduciary Fund  
 Statement of Changes in Net Position  
 Year Ended June 30, 2025

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	Retiree OPEB Trust
Additions	
District contributions	\$ 51,157
Interest and investment income	6,694,681
Net realized and unrealized gains	10,533,026
Total additions	17,278,864
Deductions	
Benefit payments	6,051,157
Administrative expenses	404,871
Total deductions	6,456,028
Change in Net Position	10,822,836
Net Position - Beginning of Year	142,544,436
Net Position - End of Year	\$ 153,367,272

**Note 1 - Organization**

The North Orange County Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the Counties of Orange and Los Angeles in the State of California and is governed by an elected Board of Trustees. The District is comprised of two college campuses, Cypress College and Fullerton College, the District office, a vocational and adult center, North Orange Continuing Education, which offers courses and programs at the Anaheim campus, the Cypress College campus, the Wilshire campus, and other off-site locations. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal *Revenue Code* Section 115 and is, therefore, exempt from Federal taxes.

**Note 2 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units that met this requirement.

**Basis of Accounting**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. 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, noncapital grants and contracts, and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the Community College Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated.

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

### **Accounts Receivable**

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

**Prepaid Expenses**

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

**Inventories**

Inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. In addition, the District warehouse holds some inventory of paper and office supplies for daily operational needs. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

**Lease Receivables**

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**Capital Assets, Depreciation, and Amortization**

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of \$10,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, and land improvements that cost more than \$150,000, significantly increase the value, or extend the useful life of the structure, are capitalized. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

Land improvements	50 years
Buildings and improvements	50 years
Machinery and equipment	5-20 years

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

### **Debt Premiums**

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

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

### **Lease Liabilities**

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

**Subscription-based IT Arrangement (SBITA) Liabilities**

SBITA liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability 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 expenses. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

**Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. Compensated absences include vacation leave, load banking leave, and sick leave. The District offers load banking leave to eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

**Noncurrent Liabilities**

Noncurrent liabilities include bonds payable, lease liabilities, subscription-based IT arrangements, compensated absences, claims liability, net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$140,108,542 of restricted net position, and the fiduciary funds financial statements report \$153,367,272 of restricted net position.

## Operating and Nonoperating Revenues and Expenses

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

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

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

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

## State Apportionments

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

## Property Taxes

Property taxes are assessed and levied by the County of Orange on the fourth Monday of September of each year and they become an enforceable lien on real property on January 1 of the same year. Secured taxes are payable to the District in two installments, on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Tax remittances are paid net of a County administrative charge.

The District has reported property tax revenue only for taxes levied and due within the fiscal year. The District participates in the Orange County Teeter Plan and is paid all current year taxes in the year levied. The Teeter Plan allows the County to follow the accrual method of accounting to allocate property tax revenues based on the total amount of property taxes billed but not yet collected. A receivable has not been recognized in the basic financial statements for property taxes due to the fact that any receivable would be offset by a payable to the State for State apportionment purposes.

The voters of the District passed General Obligation Bonds in March 2002 and November 2014 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of Orange and remitted to the District.

### **Scholarship Discounts and Allowances**

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

### **Financial Assistance Programs**

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

### **Estimates**

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

### **Interfund Activity**

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

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

**Adoption of New Accounting Standard****Implementation of GASB Statement No. 101**

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

**Implementation of GASB Statement No. 102**

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

**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 - The District deposits substantially all receipts and collections of monies with their County Treasurer. 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, 2025, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 29,030,478	\$ -
Cash in revolving	265,171	-
Investments - Cash in county treasury	443,222,351	-
Investments - Other	3,003,275	159,367,272
<b>Total deposits and investments</b>	<b>\$ 475,521,275</b>	<b>\$ 159,367,272</b>

**Interest Rate Risk**

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

**Specific Identification**

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	\$ 159,367,272	No maturity	Not rated
Money market funds	263,772	No maturity	Not rated
Certificates of deposit	2,739,503	273	Not rated
Orange County educational investment pool	443,222,351	273	AAAf/S1
Total	<u>\$ 605,592,898</u>		

**Custodial Credit Risk**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of approximately \$14.1 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Investments**

Custodial credit risk 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, 2025, the District's investment balance of approximately \$160.4 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 4 - Fair Value Measurements**

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2025:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs
Mutual funds	\$ 159,367,272	\$ 159,367,272

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

**Note 5 - Accounts Receivable**

Accounts receivable as of June 30, 2025 consisted of the following:

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 5,742,062
State Government	
Apportionment	4,628,822
Categorical aid	2,393,636
Lottery	1,110,206
Other state sources	6,421,635
Local Sources	
Interest	1,293,303
Other local sources	<u>6,034,748</u>
Total	<u>\$ 27,624,412</u>
Student receivables	<u>\$ 14,385,280</u>

**Note 6 - Lease Receivables**

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

<u>Lease Receivables</u>	<u>Balance, July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2025</u>
Cell Tower Leases	<u>\$ 828,419</u>	<u>\$ -</u>	<u>\$ (83,853)</u>	<u>\$ 744,566</u>

**Cellular Tower Antenna Sites**

The District leases a portion of its facilities for cellular tower antenna sites. These leases are noncancelable for a period of five years, with additional renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The lease terms including renewal periods extend through August 2042. The agreements allow for 3% annual increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$83,853 in lease revenue and \$23,458 in interest revenue related to these agreements. At June 30, 2025, the District recorded \$744,566 in lease receivables and \$677,269 deferred inflows of resources for these arrangements. The District used an interest rate of 3%, based on the rates available to finance machinery and equipment over the same time periods.

North Orange County Community College District

Notes to Financial Statements

June 30, 2025

**Note 7 - Capital Assets**

Capital asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Not Being Depreciated or Amortized				
Land	\$ 19,280,372	\$ -	\$ -	\$ 19,280,372
Construction in progress	99,674,010	104,623,100	(37,925,349)	166,371,761
Total capital assets not being depreciated or amortized	118,954,382	104,623,100	(37,925,349)	185,652,133
Capital Assets Being Depreciated and Amortized				
Land improvements	69,677,707	1,114,178	-	70,791,885
Buildings and improvements	638,152,786	36,811,172	-	674,963,958
Furniture and equipment	31,854,604	836,419	(1,071,516)	31,619,507
Right-to-use leased buildings and improvements	314,575	-	-	314,575
Right-to-use subscription IT assets	3,253,494	1,107,490	(1,071,164)	3,289,820
Total capital assets being depreciated or amortized	743,253,166	39,869,259	(2,142,680)	780,979,745
Less Accumulated Depreciation and Amortization				
Land improvements	(3,942,751)	(466,788)	-	(4,409,539)
Buildings and improvements	(229,448,452)	(14,905,836)	-	(244,354,288)
Furniture and equipment	(25,718,154)	(1,239,633)	1,022,351	(25,935,436)
Right-to-use leased buildings and improvements	(110,101)	(188,745)	-	(298,846)
Right-to-use subscription IT assets	(1,713,242)	(1,236,673)	1,071,164	(1,878,751)
Total accumulated depreciation and amortization	(260,932,700)	(18,037,675)	2,093,515	(276,876,860)
Total capital assets, net	\$ 601,274,848	\$ 126,454,684	\$ (37,974,514)	\$ 689,755,018

**Note 8 - Long-Term Liabilities other than OPEB and Pensions**

**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2025 consisted of the following:

	Balance, July 1, 2024, as Restated	Additions	Deductions	Balance, June 30, 2025	Due in One Year
General obligation bonds	\$ 336,763,801	\$ 3,517,810	\$ (22,665,000)	\$ 317,616,611	\$ 24,200,000
Bond premium	16,024,142	-	(830,867)	15,193,275	-
Leases	207,501	-	(190,890)	16,611	16,611
Subscription-based IT arrangements	821,093	1,107,490	(1,469,294)	459,289	259,269
Compensated absences	60,831,645	-	(1,096,908)	59,734,737	9,007,940
Claims liability	2,568,567	-	(758,915)	1,809,652	-
Total	\$ 417,216,749	\$ 4,625,300	\$ (27,011,874)	\$ 394,830,175	\$ 33,483,820

The change in compensated absences is presented as a net change.

**Description of Long-Term Liabilities**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments for the leases and subscription-based IT arrangements will be made by the fund for which the use of the asset was intended. The claims liability will be paid by the self-insurance fund.

**General Obligation Bonds****Measure X**

On March 5, 2002, the voters of the District approved Measure X, which allowed the District to issue \$239,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

**2003B General Obligation Bonds**

On December 23, 2003, \$99,999,001 of North Orange County Community College District, Election of 2002, Series 2003B Bonds were issued with a final maturity date of August 1, 2028, and interest rates ranging from 2.00 percent to 5.44 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2025, was \$62,736,611.

**Measure J**

On November 4, 2014, the voters of the District approved Measure J, which allowed the District to issue \$574,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

**2016A General Obligation Bonds**

On June 2, 2016, \$100,000,000 of North Orange County Community College District, Election of 2014, Series 2016A Bonds were issued with a final maturity date of August 1, 2040, and interest rates ranging from 2.00 percent to 4.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2025, was \$33,325,000.

**2019B General Obligation Bonds**

On May 29, 2019, \$150,000,000 North Orange County Community College District, Election of 2014, Series 2019B Bonds were issued with a final maturity date of August 1, 2044, and interest rates ranging from 2.63 percent to 4.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2025, was \$97,660,000.

# North Orange County Community College District

Notes to Financial Statements

June 30, 2025

## 2022C General Obligation Bonds

On September 22, 2022, \$150,000,000 North Orange County Community College District, Election of 2014, Series 2022C Bonds were issued with a final maturity date of August 1, 2047, and interest rates ranging from 4.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2025, was \$123,895,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2024	Issued	Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2025
2003	2029	2.00% - 5.44%	\$ 99,999,001	\$ 68,608,801	\$ -	\$ 3,517,810	\$ (9,390,000)	\$ 62,736,611
2016	2041	2.00% - 4.00%	100,000,000	34,260,000	-	-	(935,000)	33,325,000
2019	2045	2.63% - 4.00%	150,000,000	99,060,000	-	-	(1,400,000)	97,660,000
2022	2048	4.00% - 5.00%	150,000,000	134,835,000	-	-	(10,940,000)	123,895,000
				<u>\$ 336,763,801</u>	<u>\$ -</u>	<u>\$ 3,517,810</u>	<u>\$ (22,665,000)</u>	<u>\$ 317,616,611</u>

## Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2026	\$ 23,943,580	\$ 256,420	\$ 9,480,826	\$ 33,680,826
2027	12,307,547	777,453	9,072,476	22,157,476
2028	25,361,570	3,153,430	8,945,276	37,460,276
2029	25,693,914	4,536,086	8,810,151	39,040,151
2030	4,145,000	-	8,666,901	12,811,901
2031-2035	34,540,000	-	39,836,928	74,376,928
2036-2040	52,605,000	-	32,031,341	84,636,341
2041-2045	77,165,000	-	20,501,350	97,666,350
2046-2048	61,855,000	-	3,827,700	65,682,700
Total	<u>\$ 317,616,611</u>	<u>\$ 8,723,389</u>	<u>\$ 141,172,949</u>	<u>\$ 467,512,949</u>

\* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

**Leases**

The District entered an agreement to lease building space for NOCE for 20 months, beginning December 2023. The lease terminates in July 2025. Under the terms of the lease, the District pays a monthly base fee of \$16,191, increasing 3.0% annually on the anniversary of the agreement. At June 30, 2025, the District has recognized a right to use asset, net of accumulated amortization, of \$15,729 and a lease liability of \$16,611 related to this agreement. During the fiscal year, the District recorded \$188,745 in amortization expense and \$5,843 in interest expense for the right to use the building space. The District used a discount rate of 4.81%, based on the estimated incremental borrowing rate for financing over a similar time period.

The District’s liability on the lease agreement is summarized below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 16,611	\$ 67	\$ 16,678

**Subscriptions-Based IT Arrangements (SBITAs)**

The District entered into SBITAs for the use of various software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of \$1,411,069 and a SBITA liability of \$459,289 related to these agreements. Under the terms of the SBITAs, the District makes payments ranging from \$450 to \$146,356 annually, which amounted to total principal and interest costs of \$1,490,932 for the year ending June 30, 2025. During the fiscal year, the District recorded \$1,236,673 in amortization expense and \$21,638 in interest expense for the SBITAs. The District used discount rates ranging from 2.90% - 4.91% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 259,269	\$ 10,128	\$ 269,397
2027	196,208	1,282	197,490
2028	3,812	13	3,825
Total	<u>\$ 459,289</u>	<u>\$ 11,423</u>	<u>\$ 470,712</u>

**Note 9 - Aggregate Net Other Postemployment Benefit (OPEB) Liability**

For the year ended June 30, 2025, 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	\$ 16,901,456	\$ 32,235,395	\$ 11,848,021	\$ 5,440,193
Medicare Premium Payment (MPP) Program	621,610	-	-	(81,952)
Total	<u>\$ 17,523,066</u>	<u>\$ 32,235,395</u>	<u>\$ 11,848,021</u>	<u>\$ 5,358,241</u>

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 North Orange County Community College District Retirement Board of Authority, which consists of appointed Plan members.

**Plan Membership**

At June 30, 2025, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	979
Active employees	1,369
Total	<u>2,348</u>

**Retiree Health Benefit OPEB Trust**

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) 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 discreetly presented. Separate financial statements are prepared for the Trust.

**Benefits Provided**

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

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Unified Faculty (UF), the local California Service Employees Association (CSEA), and unrepresented groups. The contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined feasible by District management and the District's Governing Board. For the measurement period of June 30, 2025, the District contributed \$51,157 to the Plan, all of which was used to fund the OPEB Trust.

**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, except 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, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	39%
Fixed income	24%
International equity	30%
Real estate	7%

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.06%. 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 \$16,901,456 was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 170,268,728
Plan fiduciary net position	<u>(153,367,272)</u>
Net OPEB liability	<u>\$ 16,901,456</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>90.07%</u>

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.25%
Healthcare cost trend rate	4.00%

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 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actual experience study as of June 2025.

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, 2025, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.25%
Fixed income	4.25%
International equity	7.25%
Real estate	7.25%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB (Asset) Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance, June 30, 2024	\$ 130,481,944	\$ 142,544,436	\$ (12,062,492)
Service cost	3,210,596	-	3,210,596
Interest	8,066,354	-	8,066,354
Difference between expected and actual experience	22,539,991	-	22,539,991
Contributions - employer	-	51,157	(51,157)
Expected investment income	-	9,215,650	(9,215,650)
Differences between projected and actual earnings on OPEB plan investments	-	8,012,057	(8,012,057)
Changes of assumptions	12,021,000	-	12,021,000
Benefit payments	(6,051,157)	(6,051,157)	-
Administrative expense	-	(404,871)	404,871
Net change in total OPEB liability	39,786,784	10,822,836	28,963,948
Balance, June 30, 2025	\$ 170,268,728	\$ 153,367,272	\$ 16,901,456

There was a change in the non-economic assumption that retiree liabilities are based on actual retiree premiums plus an implicit rate subsidy of 44.0% of non-Medicare medical premiums, since the previous valuation. There were no changes in benefit terms since the previous valuation.

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

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

<u>Discount Rate</u>	<u>Net OPEB Liability/(Asset)</u>
1% decrease (5.25%)	\$ 39,153,171
Current discount rate (6.25%)	16,901,456
1% increase (7.25%)	(1,497,648)

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate**

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

<u>Healthcare Cost Trend Rate</u>	<u>Net OPEB Liability/(Asset)</u>
1% decrease (3.00%)	\$ (4,422,960)
Current healthcare cost trend rate (4.00%)	16,901,456
1% increase (5.00%)	43,384,714

**Deferred Outflows/Inflows of Resources Related to OPEB**

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,410,986	\$ 6,038,719
Changes of assumptions	12,824,409	-
Net difference between projected and actual earnings on OPEB plan investments	-	5,809,302
Total	<u>\$ 32,235,395</u>	<u>\$ 11,848,021</u>

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 OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 3,208,912
2027	(4,035,896)
2028	(3,379,909)
2029	(1,602,409)
Total	<u>\$ (5,809,302)</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7.0 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 4,400,907
2027	4,059,553
2028	3,991,710
2029	3,967,236
2030	4,839,989
Thereafter	4,937,281
Total	<u>\$ 26,196,676</u>

**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, 2023 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/forms-publications>.

### Benefits Provided

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

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

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

### Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$621,610 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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 school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.2332%, and 0.2319%, resulting in a net increase in the proportionate share of 0.0013%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(81,952).

### Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 154 or an average of 0.12% of the potentially eligible population (132,333).

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, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

**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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.93%)	\$ 670,701
Current discount rate (3.93%)	621,610
1% increase (4.93%)	578,442

**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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 575,855
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	621,610
1% increase (6.00% Part A and 7.50% Part B)	672,693

**Note 10 - Risk Management**

**Property and Liability Insurance Coverages**

The District is exposed to various risks of loss related to torts, property liability, health benefits, errors, omissions, and natural disasters. These risks are addressed through a combination of participation in public entity risk pools, commercial insurance, and self-insurance. The District is insured for workers' compensation claims and property and liability claims through a combination of self-insurance and commercial insurance.

The District is also a member of the Alliance of Schools for Cooperative Insurance Program (ASCIP) and Schools Excess Liability Fund (SELF) public entity risk pools. The District is subject to various deductible amounts and pays premiums assessed by the pools. The pools are responsible for claims beyond the deductible amount of commercial insurance and provide for high-level umbrella type coverage above certain limits. The pools are operated separately and are independently accountable for their fiscal matters. The pools are not component units of the District for financial reporting purposes. A copy of the most recent audited financial statements may be obtained from ASCIP and SELF.

Estimates of liabilities for claims, both reported and unreported, for workers' compensation liability claims are established by the District's external administrator. The estimates are based on the continuous evaluation of the status of each claim. Estimates of liabilities for the property and liability claims are based on an analysis of individual claims. Management believes that the amounts accrued are adequate to cover such costs.

A number of claims and suits are pending against the District arising out of proposed claim settlements. In the opinion of District administration, the related liability, if any, will not materially affect the financial position of the District. No settlements exceeded insurance coverage during the last three years.

# North Orange County Community College District

Notes to Financial Statements

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Changes in the claims liability amount in the fiscal years 2025 and 2024 are presented below:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2023	\$ 1,287,168	\$ 1,468,829	\$ 2,755,997
Claims and changes in estimates	276,066	(389,929)	(113,863)
Claims payments	-	(73,567)	(73,567)
	-	-	-
Liability Balance, June 30, 2024	1,563,234	1,005,333	2,568,567
Claims and changes in estimates	(593,506)	(153,200)	(746,706)
Claims payments	-	(12,209)	(12,209)
	-	-	-
Liability Balance, June 30, 2025	\$ 969,728	\$ 839,924	\$ 1,809,652
Assets available to pay claims at June 30, 2025			\$ 21,808,819

## Note 11 - Employee Retirement Systems

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

For the year ended June 30, 2025, 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	\$ 107,368,158	\$ 48,061,843	\$ 19,160,275	\$ 10,625,506
CalPERS	149,001,620	44,592,501	4,195,759	24,570,929
	-	-	-	-
Total	\$ 256,369,778	\$ 92,654,344	\$ 23,356,034	\$ 35,196,435

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, 2023, 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/forms-publications>.

**Benefits Provided**

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2025, are summarized as follows:

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

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into 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, 2025, are presented above, and the District's total contributions were \$22,359,620.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 107,368,158
State's proportionate share of net pension liability associated with the District	<u>49,260,880</u>
Total	<u><u>\$ 156,629,038</u></u>

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.1599% and 0.1568%, respectively, resulting in a net increase in the proportionate share of 0.0031%.

For the year ended June 30, 2025, the District recognized pension expense of \$10,625,506. In addition, the District recognized pension expense and revenue of \$4,484,627 for support provided by the State. At June 30, 2025, 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	\$ 22,359,620	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	13,087,508	6,699,027
Differences between projected and actual earnings on pension plan investments	-	433,227
Differences between expected and actual experience in the measurement of the total pension liability	12,144,721	4,695,148
Changes of assumptions	<u>469,994</u>	<u>7,332,873</u>
Total	<u><u>\$ 48,061,843</u></u>	<u><u>\$ 19,160,275</u></u>

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.

North Orange County Community College District

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The deferred outflows/(inflows) of resources related to the difference between projected and actual earning 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
2026	\$ (7,197,656)
2027	8,668,654
2028	(707,257)
2029	(1,196,968)
Total	\$ (433,227)

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
2026	\$ 50,724
2027	1,806,676
2028	790,248
2029	1,302,506
2030	3,025,456
Thereafter	(435)
Total	\$ 6,975,175

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
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 is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 190,972,820
Current discount rate (7.10%)	107,368,158
1% increase (8.10%)	37,554,796

**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, 2023, 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 School Employer Pool provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

**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, 2025, are presented above, and the total District contributions were \$22,964,986.

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

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling \$149,001,620. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, was 0.4169% and 0.4251%, respectively, resulting in a net decrease in the proportionate share of 0.0082%.

# North Orange County Community College District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$24,570,929. At June 30, 2025, 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	\$ 22,964,986	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	54,616	3,129,360
Differences between projected and actual earnings on pension plan investments	5,787,853	-
Differences between expected and actual experience in the measurement of the total pension liability	12,491,607	1,066,399
Changes of assumptions	3,293,439	-
Total	\$ 44,592,501	\$ 4,195,759

The deferred outflow 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
2026	\$ (49,894)
2027	8,998,795
2028	(1,329,684)
2029	(1,831,364)
Total	\$ 5,787,853

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 5,683,691
2027	3,738,609
2028	<u>2,221,603</u>
Total	<u>\$ 11,643,903</u>

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

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

**Discount Rate**

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 221,343,151
Current discount rate (6.90%)	149,001,620
1% increase (7.90%)	89,241,758

### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$9,946,808 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### **Note 12 - Commitments and Contingencies**

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2025.

#### **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, 2025.

#### **Construction Commitments**

As of June 30, 2025, the District had approximately \$162.3 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

**Note 13 - Restatement**

**Change in Accounting Principle**

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by \$22,921,791 and \$20,357,946, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table below.

<u>Primary Government</u>	
Net Position - Beginning, as previously reported on July 1, 2024	\$ 531,889,004
Change in accounting principle - adoption of GASB Statement No. 101	<u>(43,279,737)</u>
Net Position - Beginning, as restated on July 1, 2024	<u><u>\$ 488,609,267</u></u>

Required Supplementary Information  
June 30, 2025

# North Orange County Community College District

**North Orange County Community College District**  
**Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios**  
**Year Ended June 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 3,210,596	\$ 2,831,626	\$ 2,931,568	\$ 3,097,828
Interest	8,066,354	7,751,470	7,849,078	7,521,275
Difference between expected and actual experience	22,539,991	-	(7,468,329)	208,410
Changes of assumptions	12,021,000	-	560,166	-
Benefit payments	<u>(6,051,157)</u>	<u>(5,417,725)</u>	<u>(5,350,754)</u>	<u>(5,439,906)</u>
Net change in total OPEB liability	39,786,784	5,165,371	(1,478,271)	5,387,607
Total OPEB Liability - Beginning	<u>130,481,944</u>	<u>125,316,573</u>	<u>126,794,844</u>	<u>121,407,237</u>
Total OPEB Liability - Ending (a)	<u>\$ 170,268,728</u>	<u>\$ 130,481,944</u>	<u>\$ 125,316,573</u>	<u>\$ 126,794,844</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 51,157	\$ 7,056,157	\$ 6,919,805	\$ 3,962,305
Expected investment income	9,215,650	7,824,967	7,188,950	8,920,194
Differences between projected and actual earnings on OPEB plan investments	8,012,057	8,887,497	3,279,920	(36,224,040)
Benefit payments	(6,051,157)	(5,417,725)	(5,350,754)	(5,439,906)
Administrative expense	<u>(404,871)</u>	<u>(373,445)</u>	<u>(419,221)</u>	<u>(464,351)</u>
Net change in plan fiduciary net position	10,822,836	17,977,451	11,618,700	(29,245,798)
Plan Fiduciary Net Position - Beginning	<u>142,544,436</u>	<u>124,566,985</u>	<u>112,948,285</u>	<u>142,194,083</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 153,367,272</u>	<u>\$ 142,544,436</u>	<u>\$ 124,566,985</u>	<u>\$ 112,948,285</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 16,901,456</u>	<u>\$ (12,062,492)</u>	<u>\$ 749,588</u>	<u>\$ 13,846,559</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>90.07%</u>	<u>109.24%</u>	<u>99.40%</u>	<u>89.08%</u>
Covered Employee Payroll	<u>\$ 201,964,358</u>	<u>\$ 194,616,681</u>	<u>\$ 174,400,983</u>	<u>\$ 155,397,686</u>
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	<u>8.37%</u>	<u>(6.20%)</u>	<u>0.43%</u>	<u>8.91%</u>
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

**North Orange County Community College District**  
**Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios**  
**Year Ended June 30, 2025**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 2,550,658	\$ 3,059,846	\$ 3,100,787	\$ 2,792,913
Interest	7,501,494	7,006,914	6,713,723	6,431,647
Difference between expected and actual experience	(3,714,831)	(3,763,659)	-	-
Changes of assumptions	3,576,747	6,835,881	-	-
Benefit payments	<u>(5,278,202)</u>	<u>(5,272,744)</u>	<u>(5,294,051)</u>	<u>(4,865,894)</u>
Net change in total OPEB liability	4,635,866	7,866,238	4,520,459	4,358,666
Total OPEB Liability - Beginning	<u>116,771,371</u>	<u>108,905,133</u>	<u>104,384,674</u>	<u>100,026,008</u>
Total OPEB Liability - Ending (a)	<u>\$ 121,407,237</u>	<u>\$ 116,771,371</u>	<u>\$ 108,905,133</u>	<u>\$ 104,384,674</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 6,697,527	\$ 7,601,257	\$ 9,652,804	\$ 8,346,685
Expected investment income	7,107,044	6,808,169	6,376,959	6,387,641
Differences between projected and actual earnings on OPEB plan investments	22,923,216	(2,514,853)	(1,554,328)	-
Benefit payments	(5,278,202)	(5,272,744)	(5,294,051)	(4,865,894)
Administrative expense	<u>(426,969)</u>	<u>(382,846)</u>	<u>(353,179)</u>	<u>(342,392)</u>
Net change in plan fiduciary net position	31,022,616	6,238,983	8,828,205	9,526,040
Plan Fiduciary Net Position - Beginning	<u>111,171,467</u>	<u>104,932,484</u>	<u>96,104,279</u>	<u>86,578,239</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 142,194,083</u>	<u>\$ 111,171,467</u>	<u>\$ 104,932,484</u>	<u>\$ 96,104,279</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (20,786,846)</u>	<u>\$ 5,599,904</u>	<u>\$ 3,972,649</u>	<u>\$ 8,280,395</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>117.12%</u>	<u>95.20%</u>	<u>96.35%</u>	<u>92.07%</u>
Covered Employee Payroll	<u>\$ 152,030,747</u>	<u>\$ 149,106,869</u>	<u>\$ 140,501,970</u>	<u>\$ 145,864,293</u>
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	<u>(13.67%)</u>	<u>3.76%</u>	<u>2.83%</u>	<u>5.68%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

North Orange County Community College District  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2025

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	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	12.06%	13.17%	8.14%	(19.33%)
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	26.44%	3.78%	5.00%	7.22%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

North Orange County Community College District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.2332%	0.2319%	0.2176%	0.2344%
Proportionate share of the net OPEB liability	\$ 621,610	\$ 703,562	\$ 716,679	\$ 935,052
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2650%	0.2546%	0.2807%	0.2785%
Proportionate share of the net OPEB liability	\$ 1,122,860	\$ 948,003	\$ 1,074,402	\$ 1,171,698
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> 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.

**North Orange County Community College District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CalSTRS</b>					
Proportion of the net pension liability	0.1599%	0.1568%	0.1450%	0.1560%	0.1521%
Proportionate share of the net pension liability	\$ 107,368,158	\$ 119,388,011	\$ 100,730,774	\$ 70,972,966	\$ 147,360,884
State's proportionate share of the net pension liability associated with the District	49,260,880	57,202,153	50,445,578	35,710,844	75,964,553
Total	<u>\$ 156,629,038</u>	<u>\$ 176,590,164</u>	<u>\$ 151,176,352</u>	<u>\$ 106,683,810</u>	<u>\$ 223,325,437</u>
Covered payroll	<u>\$ 112,355,508</u>	<u>\$ 100,659,387</u>	<u>\$ 91,263,138</u>	<u>\$ 89,074,916</u>	<u>\$ 87,572,895</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	95.56%	118.61%	110.37%	79.68%	168.27%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>CalPERS</b>					
Proportion of the net pension liability	0.4169%	0.4251%	0.4301%	0.4387%	0.4309%
Proportionate share of the net pension liability	\$ 149,001,620	\$ 153,895,983	\$ 147,995,531	\$ 89,213,203	\$ 132,200,039
Covered payroll	<u>\$ 82,261,173</u>	<u>\$ 73,741,596</u>	<u>\$ 64,134,548</u>	<u>\$ 62,955,831</u>	<u>\$ 61,533,974</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	181.13%	208.70%	230.76%	141.71%	214.84%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

**North Orange County Community College District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2025**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>CalSTRS</b>					
Proportion of the net pension liability	0.1439%	0.1564%	0.1538%	0.1561%	0.1495%
Proportionate share of the net pension liability	\$ 129,968,324	\$ 143,727,367	\$ 142,266,269	\$ 126,233,864	\$ 100,670,970
State's proportionate share of the net pension liability associated with the District	<u>70,906,397</u>	<u>82,290,640</u>	<u>84,163,523</u>	<u>71,862,687</u>	<u>53,243,846</u>
Total	<u>\$ 200,874,721</u>	<u>\$ 226,018,007</u>	<u>\$ 226,429,792</u>	<u>\$ 198,096,551</u>	<u>\$ 153,914,816</u>
Covered payroll	<u>\$ 82,950,043</u>	<u>\$ 87,329,002</u>	<u>\$ 84,243,824</u>	<u>\$ 79,575,871</u>	<u>\$ 70,822,399</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>156.68%</u>	<u>164.58%</u>	<u>168.87%</u>	<u>158.63%</u>	<u>142.15%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<b>CalPERS</b>					
Proportion of the net pension liability	0.4209%	0.4478%	0.4401%	0.4350%	0.4304%
Proportionate share of the net pension liability	<u>\$ 122,680,134</u>	<u>\$ 119,407,301</u>	<u>\$ 105,057,688</u>	<u>\$ 85,920,879</u>	<u>\$ 63,443,575</u>
Covered payroll	<u>\$ 57,551,927</u>	<u>\$ 58,535,291</u>	<u>\$ 55,210,837</u>	<u>\$ 50,283,625</u>	<u>\$ 46,862,170</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>213.16%</u>	<u>203.99%</u>	<u>190.28%</u>	<u>170.87%</u>	<u>135.38%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

North Orange County Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 22,359,620	\$ 21,459,902	\$ 19,225,943	\$ 15,441,723	\$ 14,385,599
Contributions in relation to the contractually required contribution	<u>(22,359,620)</u>	<u>(21,459,902)</u>	<u>(19,225,943)</u>	<u>(15,441,723)</u>	<u>(14,385,599)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$117,066,073</u>	<u>\$112,355,508</u>	<u>\$100,659,387</u>	<u>\$ 91,263,138</u>	<u>\$ 89,074,916</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 22,964,986	\$ 21,947,281	\$ 18,708,243	\$ 14,693,225	\$ 13,031,857
Contributions in relation to the contractually required contribution	<u>(22,964,986)</u>	<u>(21,947,281)</u>	<u>(18,708,243)</u>	<u>(14,693,225)</u>	<u>(13,031,857)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 84,898,285</u>	<u>\$ 82,261,173</u>	<u>\$ 73,741,596</u>	<u>\$ 64,134,548</u>	<u>\$ 62,955,831</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>

North Orange County Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 14,974,965	\$ 13,504,267	\$ 12,601,575	\$ 10,597,873	\$ 8,538,491
Contributions in relation to the contractually required contribution	<u>(14,974,965)</u>	<u>(13,504,267)</u>	<u>(12,601,575)</u>	<u>(10,597,873)</u>	<u>(8,538,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 87,572,895</u>	<u>\$ 82,950,043</u>	<u>\$ 87,329,002</u>	<u>\$ 84,243,824</u>	<u>\$ 79,575,871</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 12,135,115	\$ 10,395,029	\$ 9,091,116	\$ 7,667,681	\$ 5,957,101
Contributions in relation to the contractually required contribution	<u>(12,135,115)</u>	<u>(10,395,029)</u>	<u>(9,091,116)</u>	<u>(7,667,681)</u>	<u>(5,957,101)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 61,533,974</u>	<u>\$ 57,551,927</u>	<u>\$ 58,535,291</u>	<u>\$ 55,210,837</u>	<u>\$ 50,283,625</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

**Note 1 - Purpose of Schedules****Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios**

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes in Assumptions* – There was a change in the non-economic assumption that retiree liabilities are based on actual retiree premiums plus an implicit rate subsidy of 44.0% of non-Medicare medical premiums, 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 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% 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.

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

**Schedule of 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.

Supplementary Information  
June 30, 2025

# North Orange County Community College District

# North Orange County Community College District

District Organization

June 30, 2025

The North Orange County Community College District was established in 1965 and serves approximately 155 square miles within Orange County and Los Angeles County. The District currently operates two community colleges, Cypress College (CC) and Fullerton College (FC). The college credit programs are housed primarily at CC and FC. The District also provides comprehensive college and continuing education programs through their North Orange Continuing Education (NOCE) at the Anaheim campus, the Cypress College campus, and the Wilshire campus. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States. There were no changes in the boundaries of the District during the current year.

### **Board of Trustees as of June 30, 2025**

Member	Office	Term Expires
Jeffrey P. Brown	President	2026
Dr. Barbara Dunsheath	Vice President	2026
Ed Lopez	Secretary	2028
Dr. Ryan Bent	Member	2028
Stephen T. Blount	Member	2026
Mark Lopez	Member	2028
Evangelina Rosales	Member	2028
Zachary Colinco	Student Trustee, Cypress College	2026
Samiy Castillo Bolivar	Student Trustee, Fullerton College	2026
Kristine Nacu	Student Trustee, NOCE	2026

### **Administration as of June 30, 2025**

Dr. Byron D. Clift Breland	Chancellor
Fred Williams	Vice Chancellor, Finance and Facilities
Irma Ramos	Vice Chancellor, Human Resources
Dr. Jennifer Vega La Serna	Vice Chancellor, Educational Services & Institutional Effectiveness
Dr. Scott Thayer	President, Cypress College
Dr. Cynthia Olivo	President, Fullerton College
Valentina Purtell	President, North Orange Continuing Education
Kai Stearns	District Director, Public and Governmental Affairs

### **Auxiliary Organizations in Good Standing**

Cypress College Foundation, established 1972  
 Master Agreement revised December 2020  
 Howard Kummerman, Executive Director

North Orange County Community College District Foundation, established 1987  
 Master Agreement revised February 2021  
 Dr. Byron D. Clift Breland, Board President

Friends of Fullerton College Foundation, established 2020  
 Master Agreement revised February 2021  
 Janeth Manjarrez, Executive Director

North Orange County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 63,697,714
Federal Pell Grant Program Administrative Allowance	84.063		65,706
Federal Direct Student Loans	84.268		4,550,621
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,135,088
FSEOG Administrative Allowance	84.007		29,317
Federal Work-Study Program	84.033		1,043,487
Federal Work-Study Program Administrative Allowance	84.033		<u>79,469</u>
Subtotal Student Financial Assistance Cluster			<u>70,601,402</u>
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		2,438,497
Enhancing Veteran and Military-connected Student Pathways Program	84.116Z		117,892
Child Care Access Means Parents in School (CCAMPIS)	84.335A		319,691
Asian American, Pacific Islander, and Desi American Amplified Promise Career Pathways	84.031L 84.031S		347,662 411,048
Passed through from California State University of Fullerton Auxiliary Services Corporation Title III, Hispanic-Serving Institutions Science Technology Engineering & Mathematics Project RAISER	84.031C	S-7709-Fullerton	<u>11,853</u>
Subtotal			<u>770,563</u>
Passed through California Department of Education Adult Education and Family Literacy Act (AEFLA) English Literacy and Civics Education (EL Civics)	84.002A 84.002A	V002A180005 V002A180005	636,164 <u>315,732</u>
Subtotal			<u>951,896</u>
Passed through California Department of Rehabilitation Subminimum Wage to Competitive Integrated Employment	84.421D	32258	821,671
College to Career Program	84.126A	32164	290,000
Workability II Program	84.126A	32056	460,000
Case Service Contract	84.126A	32861	<u>120,786</u>
Subtotal			<u>870,786</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C	84.048A	24-C01-860	<u>2,151,999</u>
Total U.S. Department of Education			<u>79,044,397</u>
U.S. Department of Agriculture			
Passed through California Department of Social Services Child and Adult Care Food Program	10.558	04364-CACFP- 30-CC-IC	<u>15,166</u>

North Orange County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Research and Development Cluster			
U.S. Department of Defense			
SMART CREATES Collaboration	12.UNK		\$ 20,304
National Aeronautics and Space Administration			
National Space Grant College and Fellowship Program	43.008		30,989
National Science Foundation			
Harnessing Data Revolution	47.070		43,199
LIFTED Project	47.076		256,822
Advancing Cybersecurity Education	47.076		78,374
Earth Sciences	47.076		91,346
U.S. Department of Energy			
Passed through the Regents of the University of California			
Sustainable Manufacturing Alliances for Research			
and Training Industry Assessment Center (SMART-IAC)	81.117	DE-EE0009726	40,408
Subtotal Research and Development Cluster			<u>561,442</u>
U.S. Department of Veterans Affairs			
Veterans Services	64.117		<u>12,688</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	165,256
Passed through California Department of Social Services			
COVID-19: Subsidized Child Care Stipends	93.575	[1]	152
Passed through from California State University of Fullerton			
Auxiliary Services Corporation			
Health Careers Opportunity Program	93.822	S-6874- Cypress College	<u>73</u>
Total U.S. Department of Health and Human Services			<u>165,481</u>
Total Federal Financial Assistance			<u>\$ 79,799,174</u>

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

North Orange County Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2025

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
African American Male Education Network and Development (A2MEND)	\$ 48,584	\$ -	\$ -	\$ 38,584	\$ 10,000	\$ 10,000
Asian American, Native Hawaiian, and Pacific Islander (AANHPI)	664,910	-	-	286,817	378,093	378,093
AUHSD College & Career Access Pathway (CCAP)	119,284	-	-	89,111	30,173	30,173
AUHSD Middle College Early College (MCEC) Grant	73,040	-	-	54,813	18,227	18,227
Basic Needs Centers and Staffing Support	2,562,602	-	-	1,787,107	775,495	775,495
Board Financial Assistance Program (BFAP)	2,136,784	-	-	67,540	-	-
CA Comm. Coll. Compendium Puente Program Allocation	225,000	-	-	213,149	11,851	11,851
CAEP TAP	350,148	144,329	-	-	494,477	494,477
CAI: Cybersecurity Apprenticeship Planning	74,496	-	72,760	-	1,735	1,735
Cal Grant	8,709,980	149,158	-	-	8,859,138	8,859,138
Cal AB86 Adult Education Consortium Planning	81,780	-	-	-	81,780	81,780
Calculus: A New Equitable Direction	2,000	-	969	24,656	2,255	2,255
California Adult Education Program (CAEP) / AB86 Adult Education Consortium Planning	5,554,339	-	-	332,965	5,221,374	5,221,374
California College Promise AB19	2,850,641	-	-	212,577	1,924,207	1,924,207
California Youth Leadership Corps - Community Learning Partnership	106,000	-	-	38,509	67,491	67,491
CalWORKs	1,342,543	-	-	263,248	1,079,295	1,079,295
Campus Safety and Sexual Assault Prevention	19,261	-	-	19,261	-	-
Career Technical Education Data Unlocked Initiative	26,911	-	-	1,438,860	5,360,509	5,360,509
Child Dev Training Consortium	29,900	-	-	-	29,900	29,900
Classified Professional Development	118,024	-	-	118,024	-	-
CNC - Machinist Apprenticeship Planning	-	84,375	-	131,868	92,886	92,886
College Career Access Pathways Instru. Materials for Dual Enrollment	22,614	-	-	4,152	18,462	18,462
Common Course Numbering	1,826,086	-	-	1,786,198	39,888	39,888
Cooperative Agencies Resources for Education (CARE)	907,302	-	-	264,033	643,269	643,269
COVID-19 Recovery Block Grant	6,799,369	-	-	20,000	-	-
CRPP IBP Grant - CoRE Program	283,414	-	-	109,406	174,008	174,008
Disabled Students Programs and Services (DSPS)	7,957,608	-	-	2,588,452	5,369,156	5,369,156

North Orange County Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2025

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
Dream Resource Liaison Support	\$ 568,566	\$ -	\$ -	\$ 8,928	\$ 2,926	\$ 2,926
Drone Pilot Apprenticeship Grant	-	302,588	-	-	302,588	302,588
EEO Best Practices	123,370	-	-	96,392	26,977	26,977
EEO Innovative Best Practices	299,972	-	-	90,007	209,964	209,964
Employer Engagement Funds	110,785	58,636	-	-	169,421	169,421
Equal Employment Opportunities	390,200	-	-	190,687	199,513	199,513
Equitable Placement & Completion	1,281,245	-	-	775,304	505,941	505,941
Extended Opportunity Programs and Services (EOPS)	5,551,932	-	-	1,207,191	4,344,741	4,344,741
Financial Aid and Basic Needs Community of Practice (ComP) Stipend	91,814	-	-	91,814	-	-
Financial Aid Technology	346,805	-	-	267,546	79,259	79,259
FJUHSD Dual Enrollment College & Career Access Pathway	156,920	-	-	64,257	92,663	92,663
General Child Care	229,423	-	-	-	229,423	229,423
Google IT Support Pre-Apprentice	-	11,140	-	-	11,140	11,140
GSETGP Admin Allowance	1,650	-	-	-	12,000	12,000
Guided Pathways	800,641	-	-	693,131	107,510	107,510
Hire Up ACA	-	105,526	-	-	105,526	105,526
Hire Up Pilot Program	1,628,486	-	-	2,735	1,625,752	1,625,752
Hornet Holistic Pass	7,500	-	-	-	84,375	84,375
Innovation & Effectiveness Grant	26,201	-	-	264,765	303,801	303,801
Learning-Aligned Employment Prog	-	-	-	1,650	-	-
LGBTQ	573,684	-	-	302,640	271,044	271,044
Library Services Platform	30,227	-	-	-	30,227	30,227
Local and Systemwide Technology and Data Security	322,872	-	-	124,725	198,148	198,148
Mathematics, Engineering, and Science Achievement (MESA) Program	1,845,396	-	-	705,950	290,834	290,834
Mental Health Support	1,488,499	-	-	670,477	818,022	818,022
NASH Catalyst All-Access Passport to Student Success	10,000	-	-	4,500	3,000	3,000
NextUp	1,195,459	-	-	350,444	845,016	845,016
Nursing Enrollment & Retention Growth	561	-	-	-	561	561

North Orange County Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2025

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
Nursing Enrollment and Retention Grant	\$ 160,705	\$ -	\$ -	\$ 159,172	\$ 1,533	\$ 1,533
Program Pathways Mapper (PPM)	20,000	-	-	570,515	278,097	278,097
Puente Project	201,384	-	-	88,787	112,597	112,597
QRIS Block Grant	35,558	-	-	24,462	11,095	11,095
Referee and Lane Technician	10,000	2,000	-	8,638	2,842,004	2,842,004
Regional Equity and Recovery Partnerships (RERP)	109,344	-	-	65,095	44,249	44,249
Rising Scholars Network	373,350	-	-	-	1,031	1,031
Rising Scholars Network - Juvenile	920,454	-	-	52,135	321,215	321,215
Seamless Transfer of Ethnic Studies	44,792	-	-	2,888	41,904	41,904
Strong Workforce - Regional	1,119,209	1,535,884	-	-	2,655,093	2,655,093
Strong Workforce Initiative - Local	7,224,369	-	22,266	2,212,965	4,989,138	4,989,138
Student Equity and Achievement Program (SEA)	18,055,046	-	-	3,609,644	14,445,402	14,445,402
Student Food and Housing Support	2,271,809	-	-	1,946,871	324,938	324,938
Student Retention and Enrollment	2,332,853	-	-	584,520	1,748,333	1,748,333
Student Success Completion Grant	20,126,739	-	-	1,882,352	18,244,387	18,244,387
Student Transfer Achievement Reform	1,122,676	-	-	979,502	143,174	143,174
Systemwide Technology and Data Security	350,041	-	-	90,205	259,836	259,836
UMOJA Campus Programs	292,294	-	-	10,000	26,201	26,201
Umoja Community Education Foundation-Umoja Program Funds	11,854	-	-	668,614	251,840	251,840
Veterans Resource Center Student Services	387,993	-	1,348	192,579	194,067	194,067
VRC Mental health Grant	75,000	-	-	68,602	6,398	6,398
Welding Prog. Improvement Grant	672,171	-	-	672,171	-	-
Wellness Vending Machines Pilot Program	15,000	-	-	5,231	9,769	9,769
Work Independence Self-Advocacy Education	557,197	-	-	-	557,197	557,197
Zero Textbook Cost (ZTC) Program	1,142,979	-	-	960,512	182,467	182,467
<b>Total state programs</b>	<b>\$ 117,607,645</b>	<b>\$ 2,393,636</b>	<b>\$ 97,343</b>	<b>\$ 30,657,933</b>	<b>\$ 89,246,006</b>	<b>\$ 89,246,006</b>

North Orange County Community College District  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2025

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2024 only)</b>			
1. Noncredit*	612.61	-	612.61
2. Credit	2,493.50	-	2,493.50
<b>B. Summer Intersession (Summer 2025- Prior to July 1, 2025)</b>			
1. Noncredit*	-	-	-
2. Credit	1.73	-	1.73
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,023.85	-	12,023.85
(b) Daily Census Contact Hours	931.96	-	931.96
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	2,523.03	-	2,523.03
(b) Credit	237.06	-	237.06
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	7,691.75	-	7,691.75
(b) Daily Census Procedure Courses	3,743.55	-	3,743.55
(c) Noncredit Independent Study/Distance Education Courses	1,367.45	-	1,367.45
<b>D. Total FTES</b>	<u>31,626.49</u>	<u>-</u>	<u>31,626.49</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit*	2,357.42	-	2,357.42
2. Credit	11.73	-	11.73
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	2,988.94	-	2,988.94
<b>Centers FTES</b>			
1. Noncredit*	4,323.72	-	4,323.72
2. Credit	-	-	-

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

\*\*Annual report revised as of October 1, 2025.

North Orange County Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 55,301,320	\$ -	\$ 55,301,320	\$ 55,301,320	\$ -	\$ 55,301,320
Other	1300	41,604,293	-	41,604,293	41,604,293	-	41,604,293
Total Instructional Salaries		96,905,613	-	96,905,613	96,905,613	-	96,905,613
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	24,709,251	-	24,709,251
Other	1400	-	-	-	3,243,014	-	3,243,014
Total Noninstructional Salaries		-	-	-	27,952,265	-	27,952,265
Total Academic Salaries		96,905,613	-	96,905,613	124,857,878	-	124,857,878
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	52,992,306	-	52,992,306
Other	2300	-	-	-	5,068,036	-	5,068,036
Total Noninstructional Salaries		-	-	-	58,060,342	-	58,060,342
Instructional Aides							
Regular Status	2200	5,221,161	-	5,221,161	5,221,161	-	5,221,161
Other	2400	1,517,533	-	1,517,533	1,517,533	-	1,517,533
Total Instructional Aides		6,738,694	-	6,738,694	6,738,694	-	6,738,694
Total Classified Salaries		6,738,694	-	6,738,694	64,799,036	-	64,799,036
Employee Benefits	3000	43,404,737	-	43,404,737	84,183,958	-	84,183,958
Supplies and Material	4000	-	-	-	1,929,967	-	1,929,967
Other Operating Expenses	5000	-	-	-	22,999,196	-	22,999,196
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		147,049,044	-	147,049,044	298,770,035	-	298,770,035

North Orange County Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 2,778,030	\$ -	\$ 2,778,030	\$ 2,778,030	\$ -	\$ 2,778,030
Student Health Services Above Amount Collected	6441	-	-	-	11,763	-	11,763
Student Transportation	6491	-	-	-	182,023	-	182,023
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	3,311,801	-	3,311,801
Objects to Exclude							
Rents and Leases	5060	-	-	-	322,233	-	322,233
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

North Orange County Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 4,925,764	\$ -	\$ 4,925,764
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,778,030	-	2,778,030	11,531,614	-	11,531,614
Total for ECS 84362, 50% Law		\$ 144,271,014	\$ -	\$ 144,271,014	\$ 287,238,421	\$ -	\$ 287,238,421
% of CEE (Instructional Salary Cost/ Total CEE)		50.23%		50.23%	100.00%		100.00%
50% of Current Expense of Education					\$ 143,619,211		\$ 143,619,211

North Orange County Community College District  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2025

Activity Classification	Object Code	Unrestricted			
EPA Revenues:	8630				\$ 52,413,192
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 52,413,192	\$ -	\$ -	\$ 52,413,192
Total Expenditures for EPA		\$ 52,413,192	\$ -	\$ -	\$ 52,413,192
Revenues Less Expenditures					\$ -

North Orange County Community College District  
 Reconciliation of Governmental Funds to the Statement of Net Position  
 June 30, 2025

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance and retained earnings		
General Funds	\$ 127,853,799	
Special Revenue Funds	25,486,193	
Capital Project Funds	216,694,627	
Debt Service Funds	33,270,809	
Internal Service Funds	19,999,167	
Fiduciary Funds	<u>153,367,272</u>	
Total fund balance - all District funds		\$ 576,671,867
Amounts held in trust on behalf of others (Retiree OPEB Trust).		(153,367,272)
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	966,631,878	
Accumulated depreciation and amortization is	<u>(276,876,860)</u>	
Total capital assets, net		689,755,018
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	32,235,395	
Deferred outflows of resources related to pensions	<u>92,654,344</u>	
Total deferred outflows of resources		124,889,739
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.		(4,095,490)
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 and premiums	(290,327,951)	
Leases	(16,611)	
Compensated absences	(54,048,829)	
Subscription-based IT arrangements	(459,289)	
Aggregate net OPEB liability	(17,523,066)	
Aggregate net pension liability	<u>(256,369,778)</u>	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	<u>(42,481,935)</u>	
Total long-term liabilities		(661,227,459)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.		
Deferred inflows of resources amount to and related to:		
Deferred inflows of resources related to OPEB	(11,848,021)	
Deferred inflows of resources related to pensions	<u>(23,356,034)</u>	
Total deferred inflows of resources		<u>(35,204,055)</u>
Total net position		<u>\$ 537,422,348</u>

North Orange County Community College District  
Schedule of Financial Trends and Analysis of the General Fund  
Year Ended June 30, 2025

	(Budget <sup>[1]</sup> ) 2026		2025		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>General Fund</b>								
<b>Revenues</b>								
Federal	\$ 7,600,374	2.0	\$ 10,080,243	2.6	\$ 7,218,009	1.9	\$ 21,725,489	6.2
State	229,804,825	61.3	213,581,527	55.3	221,115,810	57.2	178,857,703	50.9
Local	137,774,533	36.7	162,928,747	42.1	158,178,133	40.9	150,677,851	42.9
Total revenues	<u>375,179,732</u>	<u>100.0</u>	<u>386,590,517</u>	<u>100.0</u>	<u>386,511,952</u>	<u>100.0</u>	<u>351,261,043</u>	<u>100.0</u>
<b>Expenditures</b>								
Academic salaries	134,831,235	32.2	138,149,100	34.6	132,402,602	34.2	118,264,834	34.6
Classified salaries	98,534,559	23.5	93,055,729	23.3	87,912,384	22.7	77,098,447	22.6
Employee benefits	100,951,634	24.1	92,773,272	23.2	90,663,955	23.4	80,800,618	23.7
Supplies and materials	11,626,180	2.8	5,105,765	1.3	5,901,347	1.5	5,775,738	1.7
Other operating expenses	65,897,628	15.7	35,153,339	8.8	38,545,837	9.9	33,985,251	10.0
Capital outlay	7,983,151	1.9	10,209,950	2.6	8,725,262	2.3	9,228,759	2.7
Student financial aid	3,577,489	0.9	15,038,062	3.8	8,548,960	2.2	4,008,121	1.2
Interfund transfers, net	(4,655,890)	-1.1	9,192,087	2.3	14,479,665	3.7	11,444,989	3.4
Other sources and uses, net	8,210	0.0	580,175	0.1	394,279	0.1	331,089	0.1
Total expenditures and other uses	<u>418,754,196</u>	<u>100.0</u>	<u>399,257,479</u>	<u>100.0</u>	<u>387,574,291</u>	<u>100.0</u>	<u>340,937,846</u>	<u>100.0</u>
Increase (Decrease) in Fund Balance	<u>\$ (43,574,464)</u>	<u>(10.4)</u>	<u>\$ (12,666,962)</u>	<u>(3.2)</u>	<u>\$ (1,062,339)</u>	<u>(0.3)</u>	<u>\$ 10,323,197</u>	<u>3.0</u>
Ending Fund Balance	<u>\$ 84,279,335</u>	<u>20.1</u>	<u>\$ 127,853,799</u>	<u>32.0</u>	<u>\$ 140,520,761</u>	<u>36.3</u>	<u>\$ 141,583,100</u>	<u>41.5</u>
Full-Time Equivalent Students	<u>32,840.40</u>		<u>31,626.49</u>		<u>29,199.56</u>		<u>26,565.68</u>	
Total long-term liabilities, including retiree benefit liability	<u>N/A</u>		<u>\$ 668,723,019</u>		<u>\$ 647,924,568</u> <sup>[2]</sup>		<u>\$ 660,262,042</u> <sup>[2]</sup>	

<sup>[1]</sup> The 2026 General Fund budget was adopted by the Board on September 9, 2025. The budget is included for analytical purposes and has not been subject to audit.

<sup>[2]</sup> Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

**Note 1 - Purpose of Schedules****District Organization**

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2025.

**Schedule of Expenditures of Federal Awards**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

**Schedule of Expenditures of State Awards**

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

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

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

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

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

**Proposition 30 Education Protection Account (EPA) Expenditure Report**

This schedule provides information about the District's EPA 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.

**Schedule of Financial Trends and Analysis of the General Fund**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Independent Auditor's Reports  
June 30, 2025

**North Orange County Community  
College District**



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

To the Board of Trustees  
North Orange County Community College District  
Anaheim, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of North Orange County Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated January 12, 2026.

***Adoption of New Accounting Standard***

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California  
January 12, 2026



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

To the Board of Trustees  
North Orange County Community College District  
Anaheim, California

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited North Orange County Community College District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2025. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Orange County Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## Report on Internal Control over Compliance

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

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

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

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Ontario, California  
January 12, 2026



## Independent Auditor's Report on State Compliance

To the Board of Trustees  
North Orange County Community College District  
Anaheim, California

### Report on State Compliance

#### *Opinion on State Compliance*

We have audited North Orange County Community College District's (the District) compliance with the types of compliance requirements described in the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below for the year ended June 30, 2025.

In our opinion, North Orange County Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2025.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### *Responsibilities of Management for Compliance*

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

### ***Compliance Requirements Tested***

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 498	COVID-19 Recovery Block Grant Expenditures

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

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

The District did not expend any funds from the State Fiscal Recovery Fund in the 2024-2025 fiscal year; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Ontario, California  
January 12, 2026

Schedule of Findings and Questioned Costs  
June 30, 2025

# North Orange County Community College District

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major program: 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 program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major program:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Dollar threshold used to distinguish between type A and type B programs:	\$2,393,975
Auditee qualified as low-risk auditee?	Yes

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for State programs:	Unmodified
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None reported.

None reported.

None reported.

North Orange County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2025

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There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Additional Supplementary Information  
June 30, 2025

# North Orange County Community College District

North Orange County Community College District  
Governmental Funds  
Balance Sheet  
June 30, 2025

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
<b>Assets</b>							
Cash and cash equivalents	\$ 150,000	\$ 6,486,152	\$ 3,498,543	\$ -	\$ -	\$ 1,975,616	\$ -
Investments	156,575,179	-	-	21,006	32,995,715	77,588,612	144,857,529
Accounts receivable	16,338,305	(356)	-	168,884	275,094	7,101,841	510,869
Student receivables	418,977	912,135	-	-	-	55,007	-
Due from other funds	13,897,781	-	-	95,112	-	62,878	-
Prepaid expenses	-	-	-	-	-	-	1,013,457
Inventories	37,954	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-
Lease receivables	744,566	-	-	-	-	-	-
Total assets	<u>\$ 188,162,762</u>	<u>\$ 7,397,931</u>	<u>\$ 3,498,543</u>	<u>\$ 285,002</u>	<u>\$ 33,270,809</u>	<u>\$ 86,783,954</u>	<u>\$ 146,381,855</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 20,546,304	\$ 1,742,948	\$ 667	\$ 27,970	\$ -	\$ 7,129,686	\$ 9,046,362
Due to other funds	10,166,901	-	-	119,959	-	291,828	3,306
Unearned revenue	28,918,489	27,841	-	33,962	-	-	-
Total liabilities	<u>59,631,694</u>	<u>1,770,789</u>	<u>667</u>	<u>181,891</u>	<u>-</u>	<u>7,421,514</u>	<u>9,049,668</u>
<b>Deferred Inflows of Resources</b>							
Deferred inflows of resources related to leases	677,269	-	-	-	-	-	-
<b>Fund Balances</b>							
Nonspendable	187,954	-	-	-	-	-	-
Restricted	8,155,527	-	-	103,111	33,270,809	79,362,440	137,332,187
Assigned	67,176,996	5,627,142	3,497,876	-	-	-	-
Unassigned	52,333,322	-	-	-	-	-	-
Total fund balances	<u>127,853,799</u>	<u>5,627,142</u>	<u>3,497,876</u>	<u>103,111</u>	<u>33,270,809</u>	<u>79,362,440</u>	<u>137,332,187</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 188,162,762</u>	<u>\$ 7,397,931</u>	<u>\$ 3,498,543</u>	<u>\$ 285,002</u>	<u>\$ 33,270,809</u>	<u>\$ 86,783,954</u>	<u>\$ 146,381,855</u>

North Orange County Community College District  
Governmental Fund  
Balance Sheet  
June 30, 2025

	Associated Students	Student Representation Fee	Student Financial Aid	Loan Fund	Retiree Benefits	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
<b>Assets</b>							
Cash and cash equivalents	\$ 362,037	\$ 223,651	\$ 8,052	\$ 45,240	\$ -	\$ 16,471,358	\$ 29,220,649
Investments	479,709	-	10,466,137	-	7,869	6,354,095	429,345,851
Accounts receivable	-	-	481,595	18,861	26	2,636,865	27,531,984
Student receivables	26,532	14,747	2,459,701	6,121	-	10,492,060	14,385,280
Due from other funds	-	-	223,024	-	-	2,524,271	16,803,066
Prepaid expenses	-	-	-	-	-	-	1,013,457
Inventories	-	-	-	-	-	-	37,954
Other current assets	-	-	-	-	-	500	500
Lease receivables	-	-	-	-	-	-	744,566
<b>Total assets</b>	<b>\$ 868,278</b>	<b>\$ 238,398</b>	<b>\$ 13,638,509</b>	<b>\$ 70,222</b>	<b>\$ 7,895</b>	<b>\$ 38,479,149</b>	<b>\$ 519,083,307</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 241,566	\$ 16,729	\$ 11,152,689	\$ -	\$ -	\$ 1,575,959	\$ 51,480,880
Due to other funds	-	-	518,403	-	-	6,964,285	18,064,682
Unearned revenue	-	-	1,899,709	-	-	14,675,047	45,555,048
<b>Total liabilities</b>	<b>241,566</b>	<b>16,729</b>	<b>13,570,801</b>	<b>-</b>	<b>-</b>	<b>23,215,291</b>	<b>115,100,610</b>
<b>Deferred Inflows of Resources</b>							
Deferred inflows of resources related to leases	-	-	-	-	-	-	677,269
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	187,954
Restricted	626,712	221,669	67,708	-	-	-	259,140,163
Assigned	-	-	-	70,222	7,895	-	76,380,131
Unassigned	-	-	-	-	-	15,263,858	67,597,180
<b>Total fund balances</b>	<b>626,712</b>	<b>221,669</b>	<b>67,708</b>	<b>70,222</b>	<b>7,895</b>	<b>15,263,858</b>	<b>403,305,428</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 868,278</b>	<b>\$ 238,398</b>	<b>\$ 13,638,509</b>	<b>\$ 70,222</b>	<b>\$ 7,895</b>	<b>\$ 38,479,149</b>	<b>\$ 519,083,307</b>

North Orange County Community College District  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2025

	General	Bookstore	Cafeteria	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
<b>Revenues</b>							
Federal revenues	\$ 10,080,243	\$ -	\$ -	\$ 335,008	\$ -	\$ -	\$ -
State revenues	213,581,527	-	-	220,234	129,479	29,362,934	-
Local revenues	162,928,747	346,984	866,505	535,420	33,562,909	8,554,655	9,055,413
Total revenues	<u>386,590,517</u>	<u>346,984</u>	<u>866,505</u>	<u>1,090,662</u>	<u>33,692,388</u>	<u>37,917,589</u>	<u>9,055,413</u>
<b>Expenditures</b>							
Current Expenditures							
Academic salaries	138,149,100	-	-	-	-	-	-
Classified salaries	93,055,729	-	-	743,510	-	845,144	-
Employee benefits	92,773,272	-	-	286,504	-	396,851	-
Books and supplies	5,105,765	-	-	20,727	-	156,957	9,530
Services and operating expenditures	35,153,339	4,199	2,923	382,248	-	718,726	58,502
Capital outlay	10,209,950	-	-	10,969	-	44,611,139	65,125,898
Debt service - principal	1,660,184	-	-	-	22,665,000	-	-
Debt service - interest and other	27,481	-	-	-	10,153,924	-	-
Total expenditures	<u>376,134,820</u>	<u>4,199</u>	<u>2,923</u>	<u>1,443,958</u>	<u>32,818,924</u>	<u>46,728,817</u>	<u>65,193,930</u>
Excess of Revenues Over (Under) Expenditures	<u>10,455,697</u>	<u>342,785</u>	<u>863,582</u>	<u>(353,296)</u>	<u>873,464</u>	<u>(8,811,228)</u>	<u>(56,138,517)</u>
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	1,493,473	-	-	353,331	-	10,669,229	-
Operating transfers out	(10,685,560)	-	(245,500)	-	-	(1,337,000)	-
Other sources - SBITAs	1,107,490	-	-	-	-	-	-
Other uses	(15,038,062)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(23,122,659)</u>	<u>-</u>	<u>(245,500)</u>	<u>353,331</u>	<u>-</u>	<u>9,332,229</u>	<u>-</u>
Net Change in Fund Balances	(12,666,962)	342,785	618,082	35	873,464	521,001	(56,138,517)
Fund Balances, Beginning of Year	140,520,761	5,284,357	2,879,794	103,076	32,397,345	78,841,439	193,470,704
Fund Balances, End of Year	<u>\$ 127,853,799</u>	<u>\$ 5,627,142</u>	<u>\$ 3,497,876</u>	<u>\$ 103,111</u>	<u>\$ 33,270,809</u>	<u>\$ 79,362,440</u>	<u>\$ 137,332,187</u>

North Orange County Community College District  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2025

	Associated Students	Student Representation Fee	Student Financial Aid	Loan Fund	Retiree Benefits	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
<b>Revenues</b>							
Federal revenues	\$ -	\$ -	\$ 69,382,098	\$ -	\$ -	\$ -	\$ 79,797,349
State revenues	-	-	27,386,522	-	-	-	270,680,696
Local revenues	188,040	48,250	514,758	-	402	4,451,439	221,053,522
Total revenues	<u>188,040</u>	<u>48,250</u>	<u>97,283,378</u>	<u>-</u>	<u>402</u>	<u>4,451,439</u>	<u>571,531,567</u>
<b>Expenditures</b>							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	138,149,100
Classified salaries	159,517	-	-	-	-	-	94,803,900
Employee benefits	50,409	-	-	-	-	-	93,507,036
Books and supplies	24,270	-	-	-	-	33,720	5,350,969
Services and operating expenditures	117,777	16,875	3,749	-	-	1,338,841	37,797,179
Capital outlay	-	-	-	-	-	960	119,958,916
Debt service - principal	-	-	-	-	-	-	24,325,184
Debt service - interest and other	-	-	-	-	-	-	10,181,405
Total expenditures	<u>351,973</u>	<u>16,875</u>	<u>3,749</u>	<u>-</u>	<u>-</u>	<u>1,373,521</u>	<u>524,073,689</u>
Excess of Revenues Over (Under) Expenditures	<u>(163,933)</u>	<u>31,375</u>	<u>97,279,629</u>	<u>-</u>	<u>402</u>	<u>3,077,918</u>	<u>47,457,878</u>
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	9,260	1,656	-	-	-	260,500	12,787,449
Operating transfers out	(15,000)	(10,916)	(493,473)	-	-	-	(12,787,449)
Other sources - SBITAs	-	-	-	-	-	-	1,107,490
Other uses	-	-	(96,768,448)	-	-	-	(111,806,510)
Total other financing sources (uses)	<u>(5,740)</u>	<u>(9,260)</u>	<u>(97,261,921)</u>	<u>-</u>	<u>-</u>	<u>260,500</u>	<u>(110,699,020)</u>
Net Change in Fund Balances	(169,673)	22,115	17,708	-	402	3,338,418	(63,241,142)
Fund Balances, Beginning of Year	796,385	199,554	50,000	70,222	7,493	11,925,440	466,546,570
Fund Balances, End of Year	<u>\$ 626,712</u>	<u>\$ 221,669</u>	<u>\$ 67,708</u>	<u>\$ 70,222</u>	<u>\$ 7,895</u>	<u>\$ 15,263,858</u>	<u>\$ 403,305,428</u>

North Orange County Community College District

Proprietary Fund

Balance Sheet

June 30, 2025

	<u>Self-Insurance Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 75,000
Investments	16,879,775
Accounts receivable	92,428
Due from other funds	<u>7,261,616</u>
Total assets	<u><u>\$ 24,308,819</u></u>
<b>Liabilities and Fund Equity</b>	
<b>Liabilities</b>	
Accounts payable	\$ 2,500,000
Claims liability	<u>1,809,652</u>
Total liabilities	<u>4,309,652</u>
<b>Fund Equity</b>	
Retained earnings	<u>19,999,167</u>
Total liabilities and fund equity	<u><u>\$ 24,308,819</u></u>

North Orange County Community College District  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Retained Earnings  
Year Ended June 30, 2025

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	Self-Insurance Fund
Operating Revenues	
Premium contributions	\$ 7,256,437
Operating Expenses	
Classified salaries	352,761
Employee benefits	6,240,743
Services and other operating expenditures	5,355,206
Total operating expenses	11,948,710
Operating Loss	(4,692,273)
Nonoperating Revenues	
Interest income	938,245
Change in fair market value of cash in county	138,452
Total nonoperating revenues	1,076,697
Net Loss	(3,615,576)
Retained Earnings, Beginning of Year	23,614,743
Retained Earnings, End of Year	\$ 19,999,167

North Orange County Community College District

Proprietary Fund

Statement of Cash Flows

Year Ended June 30, 2025

	<u>Self-Insurance Fund</u>
Cash Flows from Operating Activities	
Cash received from assessments made to other funds	\$ 6,507,156
Cash payments to employees for services	(4,100,739)
Cash payments for insurance claims	<u>(6,114,121)</u>
Net Cash Used for Operating Activities	<u>(3,707,704)</u>
Cash Flows from Investing Activities	
Interest on investments	790,238
Change in fair market value of cash in county	<u>138,452</u>
Net Cash Used for Investing Activities	<u>928,690</u>
Net Decrease in Cash and Cash Equivalents	(2,779,014)
Cash and Cash Equivalents - Beginning	<u>19,595,337</u>
Cash and Cash Equivalents - Ending	<u>\$ 16,816,323</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (4,692,273)
Changes in assets and liabilities	
Due from other funds	(749,281)
Accounts payable	2,492,765
Claims liability	<u>(758,915)</u>
Net Cash Provided By Operating Activities	<u>\$ (3,707,704)</u>

North Orange County Community College District

Fiduciary Fund

Statement of Net Position

June 30, 2025

	Retiree OPEB Trust
Assets	
Investments	<u>\$ 159,367,272</u>
Liabilities and Net Position	
Liabilities	
Due to other funds	<u>\$ 6,000,000</u>
Net Position	
Restricted	<u>153,367,272</u>
Total liabilities and net position	<u>\$ 159,367,272</u>

North Orange County Community College District  
 Fiduciary Fund  
 Statement of Revenues, Expenditures, and Changes in Net Position  
 Year Ended June 30, 2025

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	Retiree OPEB Trust
Revenues	
Local revenues	\$ 17,278,864
Expenses	
Employee benefits	6,051,157
Services and operating expenditures	404,871
Total expenses	6,456,028
Changes in Net Position	10,822,836
Net Position, Beginning of Year	142,544,436
Net Position, End of Year	\$ 153,367,272

**Note 1 - Purpose of Schedules**

**Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of North Orange County Community College District. The governmental funds are presented on the modified accrual basis of accounting. The proprietary and fiduciary fund activities are presented on the full 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. This 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 preference of District management.