MT. SAC AUXILIARY SERVICES CORPORATION

THIRD QUARTERLY MEETING OF THE BOARD OF DIRECTORS

Thursday, March 7, 2024

Building 4, Conference Room 2460 – 2:00 p.m.

Please provide any public comment by noon Thursday, March 7, 2024, to Markelle Stansell (markelle.stansell@mtsac.edu)

Auxiliary Services Board of Directors Members:	**Staff / Guests**
Morris Rodrigue, Chairperson	Shannon Carter (Staff)
Melba Castro, Vice Chairperson	Eddie Correa (Guest)
Rosa Royce, Secretary/Treasurer	Steven Anderson (Guest)
Jean Metter, Faculty Rep.	Erik Guss (Guest)
Dani Silva, Associated Students Rep.	John Acero (Guest)
	Markelle Stansell (Staff / Notes)
	Alicia Herrera (Eide Bailly)

1. Call to Order

2. Public Comment

3. Consideration of Amendment of Minutes for January 11, 2023

4. Consideration of Approval of Minutes for December 7, 2023

5. Consideration to Accept the Audit report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2023, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation

6. Auxiliary Statement of Revenues and Expenses (Unaudited) 2nd Qtr. FY 23-24

7. Reports:
   - Administrative Services
   - SacBookRac
   - Sodexo

8. Adjourn

<u>Board-approved future meeting dates:</u>

2024 Dates: June 6, 2024 | September 5, 2024 | December 5, 2024
2025 Dates: March 6, 2025 | June 5, 2025 | September 4, 2025 | December 4, 2025

MT. SAC AUXILIARY SERVICES CORPORATION BOARD OF DIRECTORS MINUTES

Wednesday, January 11, 2023

The second quarterly meeting of the Mt. SAC Auxiliary Services Corporation Board of Directors, was called to order at 2:08 p.m. on Wednesday, January 11, 2023, by Morris Rodrigue, Chairperson. Those present were: Morris Rodrigue, Tom Mauch, Jenny Leung, Rosa Royce, and Phyu "Pearl" Pale. Staff: Shannon Carter, Yadira Santiago, and Caitlin Rodriguez.

2 – No public comment.

3 – Consideration of Approval of Minutes for September 1, 2022 – It was moved by Rosa Royce, seconded by Jenny Leung, to approve the minutes of September 1, 2022.

Ayes: Rodrigue, Leung, Royce

4 – Consideration to accept the Appointment of Vice Chairperson and Associated Student Representative – In accordance with the Bylaws of the Board of Directors, the composition will be the following officer***s*** appointed to a term of one year or until successors are elected and qualified, effective ~~July 1, 2022~~ ***January 11, 2023***.

- Vice Chairperson – Tom Mauch
- Associated Student Representative – Phyu "Pearl" Pale

Ayes: Rodrigue, Leung, Royce

5 – Consideration of Approval of Sodexo Contract Amendment – It was moved by Tom Mauch, seconded by Jenny Leung, to approve the Sodexo contract amendment.

Ayes: Rodrigue, Mauch, Leung, Royce, Pale

6 – Consideration of Approval of Amendment to Barnes & Noble Contract – At this time, there will be no changes to the current contract.

7 – Consideration of Approval to Accept the Statement of Revenues and Expenses (Unaudited) 2021-22 4th QTR – It was moved by Tom Mauch, seconded by Jenny Leung, to approve the Statement of Revenues and Expenditures (Unaudited) YTD June 30, 2022.

Ayes: Rodrigue, Mauch, Leung, Royce, Pale

8 – Consideration of Approval to Accept the Statement of Revenues and Expenses (Unaudited) 2022-23 1st QTR – It was moved by Tom Mauch, seconded by Phyu "Pearl" Pale. Statement of Revenues and Expenditures (Unaudited) September 30, 2022.

Ayes: Rodrigue, Mauch, Leung, Royce, Pale

9 – Discussion update on the Food Services & Sodexo Advisory Committee. This item will be kept on the Agenda for updates.

10 – Reports:

- Administrative Services – Morris Rodrigue

11 – Adjourn – The meeting adjourned at 2:48 p.m.

MT. SAC AUXILIARY SERVICES CORPORATION BOARD OF DIRECTORS MINUTES

Thursday, December 7, 2023

1 – Call to Order

The second quarterly meeting of the Mt. SAC Auxiliary Services Corporation Board of Directors was called to order at 2:09 p.m. on Thursday, December 7, 2023, by Morris Rodrigue, Chairperson. Those present were: Morris Rodrigue, Melba Castro, and Rosa Royce. Guests: Eddie Correa (Sodexo), Steven Anderson (Sodexo), John Acero (Follett), Erik Guss (Follett), Shannon Carter; Markelle Stansell. Absent: Daniell'e (Dani) Silva (AS Rep), Faculty Rep (TBD)

2 – Public Comment

No public comment.

3 – Consideration of Approval of Minutes from September 7, 2023

It was moved by Rosa Royce and seconded by Melba Castro, to approve the minutes of September 7, 2023.

Ayes: Rodrigue, Royce, Castro
Abstain:
Absent: Dani Silva (AS Rep), Faculty Rep (TBD)

4 – Appointment of Associated Students Representative

It was moved by Melba Castro and seconded by Rosa Royce to appoint Daniell'e (Dani) Silva as the Associated Students Representative.

5 – Auxiliary Statement of Revenues and Expenses (unaudited) 2022-2023 4th Qtr.

It was moved by Melba Castro, and seconded by Rosa Royce to accept the Auxiliary Statement of Revenues and Expenses (unaudited) 2022-2023 4th Qtr.

Ayes: Rodrigue, Royce, Castro
Abstain:
Absent: Dani Silva (AS Rep), Faculty Rep (TBD)

6 – Auxiliary Statement of Revenues and Expenses (unaudited) 2023-2024 1st Qtr.

It was moved by Melba Castro, and seconded by Rosa Royce to accept the Auxiliary Statement of Revenues and Expenses (unaudited) 2023-2024 1st Qtr.

Ayes: Rodrigue, Royce, Castro
Abstain:
Absent: Dani Silva (AS Rep), Faculty Rep (TBD)

7 – Reports

Administrative Services – Shannon Carter reported that we are close to selecting a final design for the Mt. SAC food truck, courtesy of one of our students. The main goal was to refresh the design while still keeping the Mt. SAC logo on the truck.

The Food Services Survey will be open through Friday, March 8 to allow campus constituents to share feedback on Mt. SAC's food servicing and dining options.

Sac Book Rac (Follett) – Erik Guss reported a bit of a drop from Sept to Oct and from Oct to Nov, but that is related to financial aid, just under $50K in Oct, just over $20K in Nov.

The Sac Book Rac Holiday Tea was a success, and Erik inquired about purchasing additional holiday pins for next year. Faculty and staff were very helpful in informing Follett how the event was structured in previous years. Erik said that his team now has some great ideas to make next year's event even more festive.

The Follett team will meet with the Textbook and Instructional Materials Committee (TIMC) to present the *Follett Access* solution for students. They plan to work with the Office of Instruction to solicit faculty participation in trialing it.

Erik reported that Sac Book Rac was also present at the last couple of football games, and plan to attend additional competitions (basketball games, Mt. SAC Relays, etc.) in the new year. By using the iPad Square system, they are better able to facilitate transactions offsite.

Sodexo – Steven Anderson reported that retail revenue is up, but we are still seeing a consistent downturn in catering. Sodexo is working on a "road show," and revamping their catering menu to show the different level of services they provide, etc. There is a continued perception that it's just as easy to purchase food items at big-box retailers to save money, but these retailers are not providing full service. Sodexo, on the other hand, offers delivery, full event service, and cleanup. The road show will allow Sodexo to make adjustments based on feedback from campus.

Concession sales have been a mixed bag depending on the weather, type of event, etc. Eddie Correa reported that compared to last year, Sodexo has seen a significant increase in sales because of the new C-Store in the new Student Center (Building 410). We also have more students on campus, though not quite back to pre-COVID levels. Sodexo is still working on making operations more efficient in the new building.

In spring 2024, they will try to revamp the food options in Common Grounds, since that location does not turn a profit. They also plan to pull back from utilizing the third floor in Building 410; they will centralize and produce out of one space (Building 8). Marketing pieces also need to be beefed up, including menu graphics, etc. The Office of Administrative Services will send the Academic Calendar to both Follett and Sodexo to assist with planning.

Melba suggested adding additional signage so that the campus community is aware of their food options, locations, and hours.

10 – Adjourn

The meeting adjourned at 2:48 p.m.

CPAs & BUSINESS ADVISORS

December 6, 2023

To the Board of Trustees
Mt. San Antonio College Auxiliary Services
Walnut, California

We have audited the financial statements of Mt. San Antonio College Auxiliary Services (the Auxiliary) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 6, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our letter dated April 13, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Auxiliary solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated December 6, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Auxiliary's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Auxiliary is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

> Management's estimate of the net other postemployment benefit (OPEB) liability/asset, related deferred outflows of resources, deferred inflows of resources, and OPEB expense is based on the work performed by an actuary, utilizing projections of future benefit costs, actuarial assumptions such as inflation, benefit cost increases, mortality rates, and discount rates.
>
> Management's estimate of the aggregate net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense is based on the Auxiliary's proportionate share of the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined, utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalPERS audited financial statements. The Auxiliary's proportionate share was determined by calculating the Auxiliary's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify and circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated December 6, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Auxiliary, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Auxiliary's auditors.

This report is intended solely for the information and use of the Board of Trustees and management of the Auxiliary and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California

Financial Statements
June 30, 2023

Mt. San Antonio College Auxiliary Services

EideBailly

eidebailly.com

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Independent Auditor's Report

Board of Trustees
Mt. San Antonio College Auxiliary Services
Walnut, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and the remaining fund information of the Mt. San Antonio College Auxiliary Services (the Auxiliary), a component unit of the Mt. San Antonio Community College District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Auxiliary'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 the remaining fund information of the Auxiliary, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auxiliary, 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 opinion.

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 Auxiliary'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 opinion. 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 Auxiliary'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 Auxiliary'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 4 through 12 and other required supplementary information on pages 37 through 43 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the Auxiliary'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 Auxiliary'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 Auxiliary's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Mt. San Antonio College Auxiliary Services (the Auxiliary) for the year ending June 30, 2023, with comparative information for June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

As a component unit of Mt. San Antonio College (the College), the Auxiliary is required to present its financial statements under Governmental Accounting Standards Board (GASB) Statements No. 34 and 35, which have been amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. These Statements require that the Auxiliary use the Business Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal and Accountability Standards Committee, recommended that all community college districts follow the standards under the BTA model. The Auxiliary is reporting its financial statements according to these standards.

The Auxiliary is maintained on the Mt. San Antonio College campus in the City of Walnut, California. The Auxiliary was incorporated as a not-for-profit corporation on October 6, 1982. The Auxiliary formally began operations on July 1, 1983, when the College transferred approximately $1.9 million of net position from the College to the Auxiliary.

The Auxiliary currently provides bookstore and dining service functions for students, faculty, and employees of the College. The bookstore service function was outsourced to Barnes and Noble effective January 29, 2018, and the dining service function was outsourced to Sodexo effective July 1, 2011.

Financial Highlights

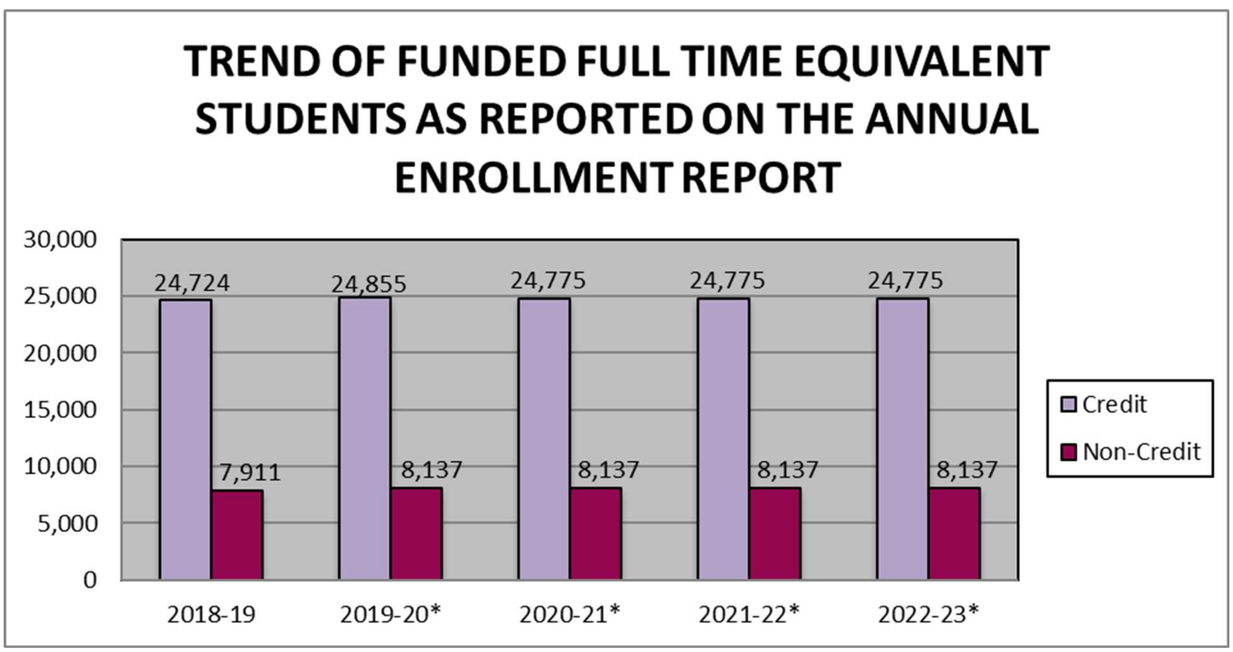
This section provides an overview of the Auxiliary's financial activities in comparison with the prior year, emphasizing current-year activities.

Selected Highlights

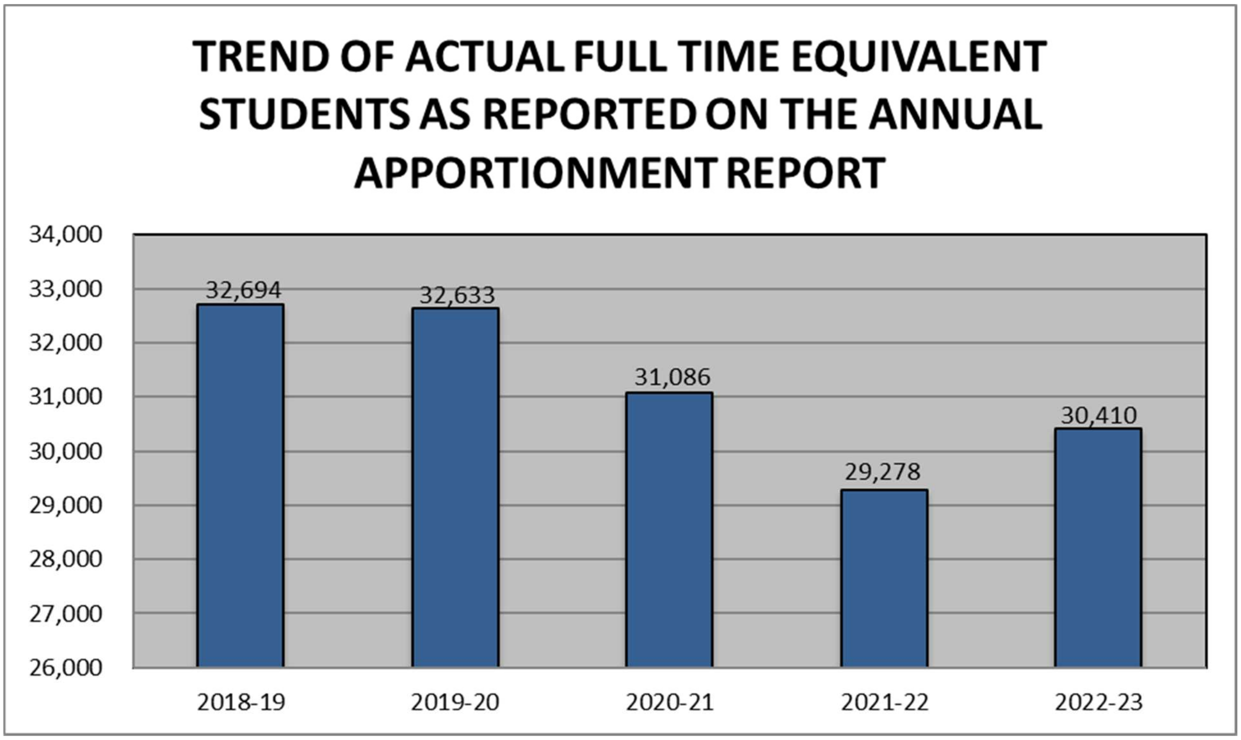
- Effective with the fiscal year 2018-19, apportionment revenues are calculated based on the Student-Centered Funding Formula (SCFF). This formula includes performance measures to ensure community colleges are funded based on how well students are progressing. The SCFF provides funding by supporting student access through enrollment, student equity by serving low-income students, and student success by providing districts with additional resources when students reach specified levels of achievement/outcomes. Districts receive additional funding when higher-needs students reach these achievements. The SCFF formula has three components: the Base allocation, the Supplemental allocation, and the Student Success allocation.

- The College was under the COVID-19 Emergency Conditions Allowance for the 2022-2023 SCFF FTE funding. This is the fourth year the College applied and was approved for Emergency Conditions Allowance. Emergency Conditions Allowance preserved the same level of FTE funding obtained with the 2019-20 first principal apportionment, which was high at 33,206 FTEs. The Supplemental and Student Success Allocations are not protected by emergency conditions and were calculated with counts submitted for the 2019-2020, 2020-2021, and 2021-2022 fiscal years as mandated by the SCFF regulations. In the fiscal year 2021-22, the College supplemental counts primarily decreased in Pell and College Promise Grants, while the student success counts mainly increased in Associate Degree for Transfer. This resulted in a 2022-23 SCFF net decrease of $1.1 million.

- Credit and noncredit FTEs continue to be the basis for which the District receives the biggest portion of State apportionment under the new the SCFF. As mentioned above, funded FTEs as of June 30, 2023 were measured at the February 2020 level for the fiscal year 2022-2023 because the District once again applied for Emergency Conditions Allowance due to the COVID-19 pandemic. The total funded FTEs remain at the same level with credit FTEs at 24,775 and noncredit FTEs at 8,137. In contrast, the total actual FTEs increased from 29,278 in 2021-2022 to 30,410 in 2022-2023, a 3.9% increase for credit and noncredit students. Credit increased from 21,306 to 22,008 from 2021-2022 to 2022-2023 and noncredit increased from 7,972 to 8,402 from 2021-2022 to 2022-2023. The following graphs shows a five year trend for funded and actual FTES produced by the District:



*Measured as of February 2020 due to applying for Emergency Conditions Allowance.



Sodexo and First Class Vending commissions increased due to the increase in enrollment.

Statement of Net Position

The Statement of Net Position presents the position, liabilities, and net position of the Auxiliary as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point in time financial statement whose purpose is to present to the readers a fiscal snapshot of the Auxiliary. 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 Auxiliary. Readers are also able to determine how much the Auxiliary owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the Auxiliary.

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

The net position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the Auxiliary. The second category is restricted net position, which represents the net OPEB asset for retirees' health benefits. The last category is unrestricted net position that is available to the Auxiliary for any lawful purpose of the Auxiliary.

The Statement of Net Position is summarized below:

	2023	2022	Change
Assets			
Cash and investments	$ 2,131,258	$ 2,215,826	$ (84,568)
Receivables and other assets	245,483	207,781	37,702
Net OPEB asset	170,725	-	170,725
Capital assets, net	185,747	219,065	(33,318)
Total assets	2,733,213	2,642,672	90,541
Deferred Outflows Of Resources	2,371,085	991,191	1,379,894
Liabilities			
Payables and other current liabilities	150,899	98,498	52,401
Long-term liabilities	5,018,038	3,103,790	1,914,248
Total liabilities	5,168,937	3,202,288	1,966,649
Deferred Inflows Of Resources	187,974	2,561,147	(2,373,173)
Net Position			
Net investment in capital assets	185,747	219,065	(33,318)
Restricted for OPEB	170,725	-	170,725
Unrestricted deficit	(609,085)	(2,348,637)	1,739,552
Total net position (deficit)	$ (252,613)	$ (2,129,572)	$ 1,876,959

- Total assets are mainly cash and cash equivalents and investments of $2,131,258. Receivables and other assets primarily encompass accounts receivable of $178,950 and due from other funds of $66,533. Accounts receivable includes salary reimbursements from Barnes and Noble, rent payments from Sodexo, and commissions from Barnes and Noble, First Class Vending, Sodexo, and Pepsi. Due from other funds include the reimbursement from the Auxiliary OPEB trust for retirees' health benefits. The overall asset increase is centered on an increase in net OPEB asset and a decrease in cash and investments of $84,568. The increase in net OPEB asset is attributed to an increase of the Plan Fiduciary Net Position (Cash in the OPEB Auxiliary Trust), which is more than the total OPEB liability. The net decrease in cash is mainly comprised of a decrease in the fair market value adjustment made to the County pooled funds as of June 30, 2023, an increase in interest received from investments, a decrease in payments to vendors for supplies and services, a decrease in payments to or on behalf of employees, and the adjustment to the net pension obligation per the actuarial report.

- Current liabilities had a net increase of $52,401. This section primarily includes accounts payable for supplies and services, payroll liabilities, and Due to District. The increase is mainly attributed to an increase in payments Due to District for salaries reimbursement and payments due to vendors for supplies and services.

- The long-term liabilities increased by $1,914,248. The increase consists of an increase in the net pension liability of $2,095,032, an increase in compensated absences payable of $1,788, and a decrease in net other post-employment benefits (OPEB) liability of $182,572.

- Changes in deferred outflows and deferred inflows of resources are attributable to experience gain/losses, assumption changes, and differences between projected and actual earnings on investments not recognized as expense during the 2022-2023 fiscal year. Deferred outflows of resources increased by $1,379,894, while deferred inflows of resources increased by $2,373,173, respectively.

According to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Auxiliary accounted for deferred inflows and deferred outflows related to OPEB. The deferred outflows of resources related to OPEB decreased by $161,848. This decrease is primarily associated with amortization of prior year balances. The deferred inflows related to OPEB increased by $87,982. This decrease is due to earnings on OPEB plan investments higher than projected. See Note 8 for detailed information related to the net OPEB asset and the associated deferred outflows/inflows of resources.

There are also deferred outflows and deferred inflows of resources related to the CalPERS pension. The deferred outflows of resources had an increase of $1,541,742. The increase was due to pension plan investments lower than what was projected and a change in the discount rate used. The deferred inflows of resources had a decrease of $2,461,155, which is primarily due to earnings on pension plan investments lower than what was projected. See Note 9 for detailed information related to the net pension liability and the associated deferred inflows/outflows of resources.

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 Auxiliary, the operating and nonoperating expenses incurred, whether paid or not, by the Auxiliary, and any other revenues, expenses, gains and/or losses earned or incurred by the Auxiliary. Thus, this statement presents the Auxiliary's results of operations.

Generally, operating revenues are earned for providing goods and services to the various customers of the Auxiliary. 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 Auxiliary. Nonoperating revenues are those received or pledged for which goods and services are not provided.

The Statement of Revenues, Expenses, and Changes in Net Position is summarized below:

	2023	2022	Change
Operating Revenues	$ 1,133,900	$ 1,077,358	$ 56,542
Operating Expenses			
Salaries and benefits	(1,196,824)	1,686,727	(2,883,551)
Supplies, materials, and other operating expenses	417,965	439,839	(21,874)
Financial aid	31,500	30,031	1,469
Depreciation	33,318	33,484	(166)
Total operating expenses	(714,041)	2,190,081	(2,904,122)
Net Operating Income (Loss)	1,847,941	(1,112,723)	2,960,664
Nonoperating Income (Loss)			
Investment income (loss)	29,018	(58,604)	87,622
Change in Net Position	$ 1,876,959	$ (1,171,327)	$ 3,048,286

- Operating revenues had a net increase of $56,542, comprised of a net increase in commissions of $7,064 and an increase in District contributions of $47,040. While there were increases in Sodexo commissions of $61,095 and First Class Vending commissions of $47,629, there was a decrease in Pepsi sponsorship of $13,267 and a decrease in Barnes & Noble Commission of $88,392.

- Operating expenses decreased by $2,904,122. The major expenditure area is salaries and benefits, and the decrease is attributed to a decrease in the OPEB and pension expense of $2,836,888 per the actuarial reports. There were also minor decreases in supplies, materials, and other operating expenses.

- Investment income increased due to increases in interest rates and the adjustment of the fair market value of the County pooled funds as of June 30, 2023.

- The increase in net position of $1,876,959 in the fiscal year 2022-2023 is mainly attributed to the decrease in the OPEB and pension expense.

The following is a summary of operating activity:

	Auxiliary Services	Bookstore	Dining Services	Total
Operating Revenues	$ 169,668	$ 822,579	$ 141,653	$ 1,133,900
Operating Expenses	(1,799,333)	825,208	260,084	(714,041)
Operating Income (Loss)	$ 1,969,001	$ (2,629)	$ (118,431)	$ 1,847,941

For the year ending June 30, 2022

	Auxiliary Services	Bookstore	Dining Services	Total
Operating Revenues	$ 135,630	$ 857,970	$ 83,758	$ 1,077,358
Operating Expenses	1,017,177	879,945	292,959	2,190,081
Operating Loss	$ (881,547)	$ (21,975)	$ (209,201)	$ (1,112,723)
Net Change, Current Year Versus Prior Year	$ 2,850,548	$ 19,346	$ 90,770	$ 2,960,664

- The net operating loss for the Bookstore decreased by $19,346. The decrease in Bookstore operating revenues is mainly the result of a decrease in Barnes & Noble commissions of $88,392 and an increase in the District contribution of $47,040. The operating expenses decreased primarily due to a decrease in salaries and benefits of $46,661. There was also a decrease in bad debt expense of $4,858 and a decrease in Barnes & Noble scholarships of $5,000.

- The net operating loss for Dining Services decreased by $90,770. The increase in revenues is attributed to an increase in Sodexo commissions of $22,095 and an increase of $35,800 in facilities rental. The operating expenses decrease is comprised of a decrease in bad debt expense and an increase in hospitality expenses.

- The Auxiliary Services net operating income increased by $2,850,548 when compared with fiscal year 2021-2022. This increase is mainly attributed to a decrease in OPEB and pension expense.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the Auxiliary'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 four parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the Auxiliary. The second part reports noncapital related financing activities. There were no noncapital related financing activities during the 2022-2023 year. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. There were no capital related financing activities during the 2022-2023 year. The fourth part provides information about 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 as well as the detail of the cash balances.

	2023	2022	Change
Cash Provided by (Used in)			
Operating activities	$ (111,051)	$ (260,848)	$ 149,797
Investing activities	26,483	(52,607)	79,090
Net Decrease in Cash	(84,568)	(313,455)	228,887
Cash and Cash Equivalents, Beginning of Year	2,215,826	2,529,281	(313,455)
Cash and Cash Equivalents, End of Year	$ 2,131,258	$ 2,215,826	$ (84,568)

- Cash receipts from operating activities are primarily from commissions. Cash payments of operating activities include employee salaries and benefits, and miscellaneous operating expenses. The net decrease in cash is mainly comprised of a decrease in the fair market value adjustment made to the County pooled funds as of June 30, 2023, an increase in interest received from investments, a decrease in payments to vendors for supplies and services, decrease in payments to or on behalf of employees, and the adjustment to the net pension obligation per the actuarial report.

- Cash from investing activities primarily includes interest earned on cash in the Los Angeles County Treasury. The increase is mainly due to increased interest revenues.

Capital Asset and Long-Term Liability Administration

Capital Assets

As of June 30, 2023, the Auxiliary had $185,747 invested in net capital assets, primarily related to Bookstore and Dining Services. Total capital assets of $1,827,054 consist of building improvements, data processing equipment, ATMs, cash registers, and other office equipment; these assets have accumulated depreciation of $1,641,307. Depreciation expense of $33,318 was recorded for the fiscal year.

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

	2023	2022
Equipment	$ 998,138	$ 998,138
Building improvements	828,916	828,916
Total capital assets	1,827,054	1,827,054
Less accumulated depreciation	(1,641,307)	(1,607,989)
Capital assets, net	$ 185,747	$ 219,065

Long-Term Liabilities

A summary of the change in long-term liabilities other than OPEB and pensions is presented below:

	2023	2022
Compensated absences	$ 38,472	$ 36,684

Long-term liabilities also include the net pension liability, which amounted to $4,979,566 and $2,884,534 at June 30, 2023 and 2022, respectively.

Notes 7, 8, and 9 in the financial statements provides additional information on long-term liabilities.

Economic Factors that May Affect the Future

The Mt. SAC Auxiliary Services' financial future is intimately related to the College. The College's financial position to continue recovery is strong, enabling it to effectively manage the 2023-24 allocation from the State budget.

Mt. SAC will continue its multi-year strategy that started in 2021-22 to support return and recovery efforts, using one-time and ongoing funds. So far, these efforts have led to a complete restoration of noncredit FTES and a strong recovery of credit FTES. The College is still trending below pre-pandemic numbers, but the fall 2023 enrollment will be a good predictor for the remainder of the year. As the College goes through the 2023-24 fiscal year, the College will know its funding level as one-time emergency conditions fade out.

Subsequent Events

The bookstore service function was outsourced to Follett Higher Education Group, LLC, effective July 1, 2023.

Contacting the Auxiliary's Financial Management

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the Auxiliary's financial condition and to show the Auxiliary's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact the Vice President, Administrative Services at 1100 North Grand Avenue, Walnut, California 91789.

Assets	
Cash and cash equivalents	$ 220,230
Investments	1,911,028
Accounts receivable	178,950
Due from fiduciary funds	66,533
Depreciable capital assets, net of depreciation	185,747
Net other postemployment benefits (OPEB) asset	170,725
Total assets	2,733,213
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	2,371,085
Liabilities	
Accounts payable	101,983
Due to District	48,916
Long-term liabilities	
Compensated absences payable	38,472
Net pension liability	4,979,566
Total liabilities	5,168,937
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	112,931
Deferred inflows of resources related to pensions	75,043
Total deferred inflows of resources	187,974
Net Position	
Net investment in capital assets	185,747
Restricted for:	
Other postemployment benefits (OPEB)	170,725
Unrestricted deficit	(609,085)
Total net position (deficit)	$ (252,613)

Operating Revenues	
Bookstore commissions	$ 195,490
Reimbursement of Bookstore salaries	240,000
District contributions	380,909
Food service commissions	141,653
Sponsorships	79,192
Vending commissions	90,476
Miscellaneous revenues	6,180
Total operating revenues	1,133,900
Operating Expenses	
Salaries	305,706
Employee benefits	(1,502,530)
Supplies and materials	226,461
Other operating expenses and services	191,504
Financial aid	31,500
Depreciation	33,318
Total operating expenses	(714,041)
Net Operating Income	1,847,941
Nonoperating Income	
Investment income	29,018
Change in Net Position	1,876,959
Net Position (Deficit), Beginning of Year	(2,129,572)
Net Position (Deficit), End of Year	$ (252,613)

Operating Activities	
Auxiliary enterprise sales and charges	$ 1,098,733
Payments to vendors for supplies and services	(375,119)
Payments to or on behalf of employees	(803,165)
Payments to students for aid	(31,500)
Net Cash Flows from Operating Activities	(111,051)
Investing Activities	
Change in fair market value of cash in County treasury	(13,594)
Interest received from investments	40,077
Net Cash from Investing Activities	26,483
Net Change in Cash and Cash Equivalents	(84,568)
Cash and Cash Equivalents, Beginning of Year	2,215,826
Cash and Cash Equivalents, End of Year	$ 2,131,258
Reconciliation of net operating income to net cash from operating activities	
Operating income	$ 1,847,941
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	33,318
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(39,860)
Due from fiduciary funds	4,693
Net other postemployment benefits (OPEB) asset	(170,725)
Deferred outflows of resources related to OPEB	161,848
Deferred outflows of resources related to pensions	(1,541,742)
Accounts payable	28,848
Due to District	23,553
Compensated absences	1,788
Net other postemployment benefits (OPEB) liability	(182,572)
Net pension liability	2,095,032
Deferred inflows of resources related to OPEB	87,982
Deferred inflows of resources related to pensions	(2,461,155)
Net Cash from Operating Activities	$ (111,051)
Cash and cash equivalents consist of the following:	
Cash in banks	$ 220,230
Cash in County treasury	1,911,028
	$ 2,131,258

	Retiree OPEB Trust
Assets	
Cash and cash equivalents	$ 423,700
Investments	3,915,395
Total assets	$ 4,339,095
Liabilities	
Due to Auxiliary	$ 66,533
Net Position	
Restricted	
Held in trust for other postemployment benefits	$ 4,272,562

	Retiree OPEB Trust
Additions	
Contributions	$ 22,108
Interest and investment income	129,970
Net realized and unrealized gains	427,184
Total additions	579,262
Deductions	
Benefits	299,791
Administrative expenses	8,646
Total deductions	308,437
Change in Net Position	270,825
Net Position, Beginning of Year	4,001,737
Net Position, End of Year	$ 4,272,562

Note 1 - Organization

The Mt. San Antonio College Auxiliary Services (the Auxiliary) was formed in December 1982 as a separate 501(c)(3) nonprofit public benefit corporation under the authority of *Education Code* Section 72672(c). The Auxiliary was established to provide supportive services and specialized programs for the general benefit of the Mt. San Antonio Community College District (the District). In particular, the Auxiliary oversees the bookstore and food service concessions, which have been outsourced to third parties. Effective July 2012, the Auxiliary's accounting function was transferred to the District's Fiscal Services department.

Note 2 - Summary of Significant Accounting Policies

Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes but is not limited to financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely, or almost entirely, for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the Auxiliary has been identified as a component unit and is discretely presented in the District's financial statements.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the GASB. The financial statement presentation required by the GASB statements provides a comprehensive perspective of the Auxiliary's financial activities. Fiduciary activities for the Retiree OPEB Trust are reported separately in fiduciary statements.

Basis of Accounting

For financial reporting purposes, the Auxiliary is considered a special-purpose government engaged only in business-type activities. Accordingly, the Auxiliary'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 Auxiliary in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Auxiliary reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The Auxiliary has not elected to apply FASB pronouncements after that date.

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

- Management's Discussion and Analysis
- Basic Financial Statements for the Auxiliary as a whole including:
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Financial Statements for the Other Postemployment Benefits (OPEB) Trust including:
  - Statements of Net Position
  - Statements of Changes in Net Position
  - Notes to Financial Statements

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

Accounts receivable include amounts due from local sources. The Auxiliary does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The Auxiliary's capitalization policy includes all items with a unit cost of $5,000 and an estimated useful life of greater than three years. Renovations to buildings, that significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and facilities improvements 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 cost of capital assets includes ancillary charges necessary to place an asset in its intended location and condition for use.

The following estimated useful lives are used to compute depreciation:

Buildings and improvements	3-15 years
Equipment	7-15 years

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

Amounts Due To the District

Amounts due to the District consist primarily of the reimbursement of salaries and benefits, worker's compensation insurance, and facilities rental.

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 Auxiliary reports deferred outflows of resources for OPEB and pension related items. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, 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 Auxiliary reports deferred inflows of resources for OPEB and pension related items.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the financial statements. At year end, there was a balance of $38,472 outstanding for compensated absences.

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

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 Public Employees' Retirement System (CalPERS) Miscellaneous Risk Pool Plan (the Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Auxiliary's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Auxiliary or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Auxiliary financial statements report $170,725 of restricted net position, and the Retiree OPEB Trust financial statements report $4,272,562 of restricted net position.

Classification of Revenues

The Auxiliary has classified its revenues as either operating or nonoperating revenues according to the following criteria:

> *Operating revenues* include activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises.
>
> *Nonoperating revenues* include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB.

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 differences could be material.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the Auxiliary maintains substantially all of its cash in the County Treasury as part of the common investment pool. The Auxiliary is considered to be an involuntary participant in an external investment pool. The fair value of the Auxiliary's investment in the pool is reported in the accompanying financial statements at amounts based upon the Auxiliary'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. The County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, consist of the following:

Cash in revolving	$ 220,230
Cash with fiscal agent	423,700
Investments	5,826,423
Total deposits and investments	$ 6,470,353

Interest Rate Risk and Credit 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 Auxiliary 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. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Auxiliary's investments in mutual funds, equities, preferred stock, and the Los Angeles County Investment pool are not required to be rated.

Investment Type	Fair Value	Weighted Average Maturity in Days	Average Credit Rating
Mutual funds	$ 950,529	No maturity	Not applicable
Equities	2,471,893	No maturity	Not applicable
Preferred stock	24,000	No maturity	Not applicable
Corporate and other bonds	468,973	6,584	BBB+
Los Angeles County Investment Pool	1,911,028	753	Not rated
	$ 5,826,423		

Custodial Credit Risk

Deposits

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

Investments

This is the risk that, in the event of the failure of the counterparty, the Auxiliary will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the Auxiliary's investment balance of approximately $3.8 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 Auxiliary does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

The Auxiliary 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 Auxiliary 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 Auxiliary's own data. The Auxiliary should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Auxiliary are not available to other market participants.

The Auxiliary categorizes the fair value measurements of its investments as follows at June 30, 2023:

Investment Type	Fair Value	Level 1
Mutual funds	$ 950,529	$ 950,529
Equities	2,471,893	2,471,893
Preferred stock	24,000	24,000
Corporate and other bonds	468,973	468,973
	$ 3,915,395	$ 3,915,395

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

Note 5 - Accounts Receivable

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

Commissions	$ 87,963
Salary reimbursements	40,000
Interest	4,816
Other local	46,171
	$ 178,950

Note 6 - Capital Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets being depreciated				
Equipment	$ 998,138	$ -	$ -	$ 998,138
Building improvements	828,916	-	-	828,916
Total capital assets being depreciated	1,827,054	-	-	1,827,054
Less accumulated depreciation				
Equipment	(831,582)	(13,941)	-	(845,523)
Building improvements	(776,407)	(19,377)	-	(795,784)
Total accumulated depreciation	(1,607,989)	(33,318)	-	(1,641,307)
Net Capital Assets	$ 219,065	$ (33,318)	$ -	$ 185,747

Note 7 - Compensated Absences

The changes in the Auxiliary's compensated absences balance during the 2023 fiscal year was:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Compensated absences	$ 36,684	$ 1,788	$ -	$ 38,472

Note 8 - Other Postemployment Benefits (OPEB)

For the fiscal year ended June 30, 2023, the Auxiliary reported a net OPEB asset, deferred inflows of resources, and OPEB expense of $170,725, $112,931 and $(103,467), respectively.

Plan Administration

The Auxiliary's governing board administers the Other 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 Auxiliary management. Management of the trustee assets is vested with the Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust Investment Committee.

Plan Membership

At June 30, 2023, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	32
Active employees	3
	35

Mt. San Antonio College Auxiliary Other Postemployment Benefits (OPEB) Trust (the Trust)

The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Trust Administrative/Investment Committee, comprised of the Auxiliary Vice President, Administrative Services; the Chief Compliance and College Budget Officer, and the Presidents of the Employee Organizations, provide oversight over the Trust investments and plan administration. As such, the Auxiliary acts as the Fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Auxiliary'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 Auxiliary are established and may be amended by the Auxiliary and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2023, the Auxiliary contributed $22,108 to the Plan, which represents the effect of the implicit rate subsidy.

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 Auxiliary to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Equity instruments	20%
Long-term bonded instruments	80%

Rate of Return

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 13.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the Auxiliary

The Auxiliary's net OPEB asset of $170,725 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as June 30, 2023. The components of the net OPEB asset of the Auxiliary at June 30, 2023, were as follows:

Total OPEB liability	$ 4,101,837
Plan fiduciary net position	(4,272,562)
Auxiliary's net OPEB asset	$ (170,725)
Plan fiduciary net position as a percentage of the total OPEB liability	104%

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 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	5.75%
Healthcare cost trend rates	4.00%

The investment rate of return was based on the long-term return on employer assets.

Mortality rates were based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees Table. 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, 2023 valuation were based on the results of an actual experience study as of June 2023.

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

Asset Class	Long-Term Expected Real Rate of Return
Equity instruments	7.545%
Long-term bonded instruments	5.045%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the Auxiliary contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability/(Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2022	$ 4,184,309	$ 4,001,737	$ 182,572
Service cost	17,393	-	17,393
Interest	232,543	-	232,543
Contributions - employer	-	22,108	(22,108)
Expected net investment income	-	225,828	(225,828)
Difference between projected and actual earnings on OPEB plan investments	-	331,326	(331,326)
Differences between expected and actual experience	(45,661)	-	(45,661)
Changes of assumptions	13,044	-	13,044
Benefit payments	(299,791)	(299,791)	-
Administrative expense	-	(8,646)	8,646
Net change in total OPEB liability	(82,472)	270,825	(353,297)
Balance at June 30, 2023	$ 4,101,837	$ 4,272,562	$ (170,725)

There were no changes in benefit terms since the previous valuation. There were no changes of economic assumptions and other inputs 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 Auxiliary, as well as what the Auxiliary'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:

Discount Rate	Net OPEB Liability/(Asset)
1% decrease (4.75%)	$ 178,840
Current discount rate (5.75%)	(170,725)
1% increase (6.75%)	(587,834)

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 Auxiliary, as well as what the Auxiliary's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rate that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability/(Asset)
1% decrease (3.00%)	$ (605,577)
Current healthcare cost trend rate (4.00%)	(170,725)
1% increase (5.00%)	198,213

Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Auxiliary reported deferred inflows of resources and deferred inflows of resources related to the net difference between projected and actual earnings on OPEB plan investments of $112,931. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the net difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (38,261)
2025	(93,227)
2026	84,819
2027	(66,262)
	$ (112,931)

Note 9 - Employee Retirement System (CalPERS)

Qualified employees are covered under the California Public Employees' Retirement System (CalPERS), multiple-employer defined benefit pension plan maintained by agencies of the State of California.

For the fiscal year ended June 30, 2023, the Auxiliary reported its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources of $4,979,566, $2,371,085, and $75,053, respectively. Pension expense for the fiscal year ended June 30, 2023 was $(1,907,865).

Plan Description

The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Auxiliary sponsors one Miscellaneous Risk Pool plan. The Miscellaneous Risk Pool plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Miscellaneous Risk Pool plan 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 employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous Public Agency Cost-Sharing	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rate	7.00%	6.75%
Required employer contribution rate	10.87%	7.47%

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 Auxiliary is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total Auxiliary contributions were $433,606.

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

As of June 30, 2023, the Auxiliary reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $4,979,566. The net pension liability was measured as of June 30, 2022. The Auxiliary's proportion of the net pension liability was based on a projection of the Auxiliary's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Auxiliary's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1064% and 0.1519%, respectively, resulting in a net decrease in the proportionate share of 0.0455%.

For the year ended June 30, 2023, the Auxiliary recognized pension expense of $(1,907,865). At June 30, 2023, the Auxiliary 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	$ 433,606	$ -
Change in proportion and differences between contributions made and the Auxiliary's proportionate share of contributions	415,096	8,068
Differences between projected and actual earnings on the pension plan investments	912,123	-
Differences between expected and actual experience in the measurement of the total pension liability	99,999	66,975
Changes of assumptions	510,261	-
Total	$ 2,371,085	$ 75,043

The deferred outflows of resources related to pensions resulting from Auxiliary 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:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 149,434
2025	134,379
2026	70,423
2027	557,887
Total	$ 912,123

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the Auxiliary'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 3.7 years and will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 381,640
2025	355,833
2026	212,840
Total	$ 950,313

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

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 statutory contribution rates. Based on these assumptions, the Miscellaneous Risk Pool plan 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 Auxiliary's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 8,091,253
Current discount rate (6.90%)	4,979,566
1% increase (7.90%)	2,419,420

Note 10 - Functional Expenses Classification

The Auxiliary's operating expenses by functional classification for the fiscal year ended June 30, 2023, are:

	Auxiliary Services	Bookstore	Dining Services	Total
Salaries	$ -	$ 305,706	$ -	$ 305,706
Employee benefits	(2,011,332)	508,802	-	(1,502,530)
Supplies, materials, and other operating expenses and services	180,499	10,700	226,766	417,965
Financial aid	31,500	-	-	31,500
Depreciation	-	-	33,318	33,318
	$ (1,799,333)	$ 825,208	$ 260,084	$ (714,041)

Note 11 - Related Party Transactions

The Auxiliary leases facilities from the District at a cost of $10,000 per year. In addition, the Auxiliary reimburses the District for salaries and benefits, worker's compensation insurance, and building improvements. The outstanding balance owed to the District as of June 30, 2023 was $48,916.

The Auxiliary reimburses the District for the cost of accounting services. The amount reimbursed to the District for the Auxiliary's accounting function in 2022-2023 was $172,019. Additionally, the District contributes to the Auxiliary the amount of the Auxiliary's CalPERS unfunded liability payment. For the year ending June 30, 2023, the amount of the District contribution was $380,909.

Required Supplementary Information
June 30, 2023

Mt. San Antonio College

Auxiliary Services

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 17,393	$ 92,821	$ 19,085	$ 24,560	$ 28,242
Interest	232,543	235,437	244,441	254,337	202,863
Differences between expected and actual experience	(45,661)	(66,532)	(318,734)	-	783,565
Changes of assumptions	13,044	-	140,962	(497,884)	-
Benefit payments	(299,791)	(317,641)	(295,359)	(273,785)	(249,176)
Net change in total OPEB liability	(82,472)	(55,915)	(209,605)	(492,772)	765,494
Total OPEB Liability - Beginning	4,184,309	4,240,224	4,449,829	4,942,601	4,177,107
Total OPEB Liability - Ending (a)	$ 4,101,837	$ 4,184,309	$ 4,240,224	$ 4,449,829	$ 4,942,601
Plan Fiduciary Net Position					
Contributions - employer	$ 22,108	$ 29,642	$ 295,359	$ 273,785	$ 249,176
Expected net investment income	225,828	268,749	220,975	188,929	175,863
Difference between projected and actual earnings on OPEB plan investments	331,326	(755,425)	890,246	(274,850)	91,438
Benefit payments	(299,791)	(317,641)	(295,359)	(273,785)	(249,176)
Administrative expense	(8,646)	(11,742)	(11,974)	(7,506)	(4,468)
Net Change In Plan Fiduciary Net Position	270,825	(786,417)	1,099,247	(93,427)	262,833
Plan Fiduciary Net Position - Beginning	4,001,737	4,788,154	3,688,907	3,782,334	3,519,501
Plan Fiduciary Net Position - Ending (B)	$ 4,272,562	$ 4,001,737	$ 4,788,154	$ 3,688,907	$ 3,782,334
Auxiliary's Net OPEB Liability/(Asset) - Ending (A) - (B)	$ (170,725)	$ 182,572	$ (547,930)	$ 760,922	$ 1,160,267
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	104.16%	95.64%	112.92%	82.90%	76.53%
Covered Payroll	$ 305,706	$ 367,812	$ 404,455	$ 398,852	$ 439,230
Auxiliary's Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	-56%	50%	-135%	191%	264%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

	2018
Total OPEB Liability	
Service cost	$ 22,793
Interest	204,628
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(262,944)
Net change in total OPEB liability	(35,523)
Total OPEB Liability - Beginning	4,212,630
Total OPEB Liability - Ending (a)	$ 4,177,107
Plan Fiduciary Net Position	
Contributions - employer	$ 262,944
Expected net investment income	172,947
Difference between projected and actual earnings on OPEB plan investments	(110,990)
Benefit payments	(262,944)
Administrative expense	(2,770)
Net Change In Plan Fiduciary Net Position	59,187
Plan Fiduciary Net Position - Beginning	3,460,314
Plan Fiduciary Net Position - Ending (B)	$ 3,519,501
Auxiliary's Net OPEB Liability/(Asset) - Ending (A) - (B)	$ 657,606
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	84.26%
Covered Payroll	$ 452,043
Auxiliary's Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	145%
Measurement Date	June 30, 2018

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

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	13.96%	-10.57%	29.80%	-2.47%	7.47%	1.68%

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

CalPERS - Miscellaneous Risk Pool	2023	2022	2021	2020	2019
Auxiliary's proportion of the net pension liability	0.1064%	0.1519%	0.1039%	0.1030%	0.1019%
Auxiliary's proportionate share of the net pension liability	$ 4,979,566	$ 2,884,534	$ 4,383,513	$ 4,124,846	$ 3,840,929
Auxiliary's covered payroll	$ 367,812	$ 404,455	$ 398,852	$ 439,230	$ 452,043
Auxiliary's proportionate share of the net pension liability as a percentage of its covered payroll	1354%	713%	1099%	939%	850%
Plan fiduciary net position as a percentage of the total pension liability	78.2%	90.5%	77.7%	77.7%	77.9%
Measurement Date	June 30, 2022	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.

CalPERS - Miscellaneous Risk Pool	2018	2017	2016	2015
Auxiliary's proportion of the net pension liability	0.0994%	0.0837%	0.0841%	0.1023%
Auxiliary's proportionate share of the net pension liability	$ 3,917,476	$ 2,908,635	$ 2,306,248	$ 2,528,705
Auxiliary's covered payroll	$ 460,333	$ 492,446	$ 503,000	$ 485,900
Auxiliary's proportionate share of the net pension liability as a percentage of its covered payroll	851%	591%	458%	520%
Plan fiduciary net position as a percentage of the total pension liability	75.4%	75.9%	79.9%	80.6%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS - Miscellaneous Risk Pool	2023	2022	2021	2020	2019
Contractually required contribution - percentage of payroll	$ 30,979	$ 37,678	$ 49,981	$ 39,414	$ 40,204
Contractually required contribution - employer unfunded accrued liability contribution	402,627	357,768	311,061	278,534	233,582
Contributions in relation to the contractually required contribution	(433,606)	(395,446)	(361,042)	(317,948)	(273,786)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Auxiliary's covered payroll	$ 305,706	$ 367,812	$ 404,455	$ 398,852	$ 439,230
Contributions as a percentage of covered payroll	10.134%	10.244%	12.358%	9.882%	9.153%

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

CalPERS - Miscellaneous Risk Pool	2018	2017	2016	2015
Contractually required contribution - percentage of payroll	$ 39,637	$ 39,552	$ 52,092	$ 85,257
Contractually required contribution - employer unfunded accrued liability contribution	190,547	160,704	144,852	-
Contributions in relation to the contractually required contribution	(230,184)	(200,256)	(196,944)	(85,257)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Auxiliary's covered payroll	$ 452,043	$ 460,333	$ 492,446	$ 503,000
Contributions as a percentage of covered payroll	8.768%	8.592%	10.578%	16.950%

Note: In the future, as data becomes available, ten years of information will be presented.
The contractually required contribution for the required unfunded accrued liability contribution is not presented for the 2015 fiscal year.

Note 1 - Purpose of Schedules

Schedule of Changes in the Auxiliary's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the Auxiliary'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 benefit terms since the previous plan valuation.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous plan 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 Auxiliary's Proportionate Share of the Net Pension Liability

This schedule presents information on the Auxiliary's proportionate share of the net pension liability (NPL) 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 benefit terms since the previous valuation for CalPERS.
- *Changes of Assumptions* – The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% and the consumer price inflation assumption was changed from 2.50% to 2.30% since the previous valuation.

Schedule of Auxiliary Contributions for Pensions

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

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Mt. San Antonio College Auxiliary Services
Walnut, 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 remaining fund information of the Mt. San Antonio College Auxiliary Services (the Auxiliary), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Auxiliary's basic financial statements and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Auxiliary'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 Auxiliary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Auxiliary's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Auxiliary'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 Auxiliary'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 Auxiliary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

None reported.

None reported.

Mt. San Antonio College Auxiliary Services
Income Statement Report for the Second Quarter 2023-24
(As of 12/31/2023)

The “2023-24 Estimated” includes projected figures for the fiscal year. The report also includes year-to-date actuals as of December 31, 2023, compared to December 31, 2022. As of December 31, 2023, income increased by $46,545 ($35,882 in 2022-23 to $82,427 in 2023-24). This increase is due to:

- The net increase in commission is $15,007. The increase is mainly due to Pepsi Sponsorship commission of $8,209, Vending commission of $8,071, Sodexo commission $10,186 and a decrease in Follett by $11,459.

- A decrease in salaries and employer benefits reimbursement from Barnes & Noble of $120,000. The contract with Barnes & Noble ended effective June 30, 2023.

- An increase in rent from Sodexo of $21,000 for an existing agreement to rent the kitchen equipment to serve Riverside County.

- The salaries and employee benefits of Bookstore staff decreased by $104,114. The decreased salaries and employee benefits are mainly due to reduced bookstore staff.

- The Hospitality expenses increased by $13,993 for this quarter.

- An increase in interest income of $21,891.

Mt. San Antonio College Auxiliary Services
Statement of Revenues and Expenses (Unaudited)
(YTD December 31, 2023)

	2023-24 ESTIMATED	2023-24 ACTUALS as of 12/31/23	2022-23 ACTUALS as of 12/31/22
Revenues			
Commissions and Sponsorships:			
Follett (PY Barnes and Noble (July 2023-December 2023)	$ 195,490	$ 86,482	$ 97,942
Sodexo	135,000	62,421	52,235
First Class Vending	90,476	42,699	34,627
Pepsi Sponsorship	79,192	76,491	68,282
Salaries and Employer Benefits - Reimbursed by Barnes & Noble	-	-	120,000
Sodexo - Rent	60,000	30,000	9,000
Follett Textbook Scholarship	5,000	-	-
Other:			
Unfunded CalPERS Liability-Paid by the District	334,735	167,367	190,455
Miscellaneous Income (One-Time)	300	0	-
Misc. Income (Textbooks Rentals, Medicare Part D, and Other)			
Fair Value Investment Income	-	97,047	83,453
Interest Income	42,612	33,561	11,670
Total Revenues	**$ 942,805**	**$ 596,068**	**$ 667,663**
Expenses			
Operating Expenses:			
Salaries and Employer Benefits	$ 93,397	$ 93,397	$ 197,511
Retirees Health Premiums	231,584	128,959	140,458
Retirees Health Premiums Reimbursement	(231,584)	(128,959)	(140,458)
Unfunded CalPERS Liability	337,793	168,897	201,314
Accounting Services (Includes Reimbursement of 1 FTE)	177,499	89,304	85,420
Hospitality		-	
Hospitality-President Institutional	75,000	52,418	33,895
Hospitality-President	75,000	21,817	19,034
Hospitality-Human Resources	21,000	12,350	14,436
Hospitality-Instruction	20,000	2,261	14,962
Hospitality-Student Services	13,000	11,462	4,865
Hospitality-Administrative Services	21,000	13,834	12,957
Facilities Lease (Paid to the College)	10,000	5,000	5,000
Office Supplies, Bank Charges	3,000	2,126	1,421
Scholarships and Donations:			
Scholarships-Fist Class Vending	10,000	-	-
Scholarships-Pepsi	21,500	21,500	21,500
Scholarships-Follett	5,000	-	-
Foundation Golf Tournament Fund-Pepsi	2,000	2,000	2,000
Miscellaneous			
Miscellaneous Expenses	3,000	701	726
Total Expenses	**$ 888,189**	**$ 497,065**	**$ 615,039**
Income or Loss - Modified Accrual Basis	**$ 54,616**	**$ 99,003**	**$ 52,624**
GASB Transactions:			
Depreciation	33,151	16,575	16,742
	33,151	16,575	16,742
Income or Loss Per Audit - Full Accrual Basis	**$ 21,465**	**$ 82,427**	**$ 35,882**