MT. SAC AUXILIARY SERVICES CORPORATION

THIRD QUARTERLY MEETING OF THE BOARD OF DIRECTORS

Thursday, March 4, 2021

2:00 p.m. Zoom Meeting

https://cccconfer.zoom.us/j/95903152143?pwd=TnpqYjFXdXNCRkFQQy9zS01MYlVzdz09
Password: 063160

Please provide any public comment by noon Thursday, March 4, 2021,
To: Yadira Santiago – ysantiago2@mtsac.edu

AGENDA

Auxiliary Services Board of Directors Members:	
Morris Rodrigue, Chairperson	Doug Jenson (Staff)
Audrey Yamagata-Noji	Suzanne Luetjen (Staff)
Rosa Royce	Eddie Correa (Guest)
Jenny Leung	
Sophia Ruiz	Yadira Santiago (Notes)

1. Call to Order.
2. Public comment.
3. Consideration of Approval of Minutes for December 3, 2020.
4. Consideration to Accept the Audit report from Eide Bailly, LLP, Certified Public Accountants, for the Fiscal Year Ending June 30, 2020, relating to the Books and Records of the Mt. SAC Auxiliary Services Corporation.
5. Auxiliary Statement of Revenues and Expenses (Unaudited) YTD.
6. Consideration of Approval of Canteen Contract Amendment.
7. Consideration of Approval of the following memberships/association dues:
   - NACAS Membership 04.01.2021 - 03.31.2022, $935.00
8. Reports:
   - Administrative Services
   - SacBookRac
   - Sodexo

2. Adjourn

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

June 3, 2021 September 2, 2021 December 2, 2021

MT. SAC AUXILIARY SERVICES CORPORATION BOARD OF DIRECTORS MINUTES

Thursday, December 3, 2020

The second quarterly meeting of the Mt. SAC Auxiliary Services Corporation Board of Directors, held via zoom due to the Governors Safer at Home order, was called to order at 2:04 p.m. on Thursday, December 3, 2020, by Morris Rodrigue, Chairperson. Those present via zoom were: Morris Rodrigue, Audrey Yamagata-Noji, Jenny Leung, Rosa Royce, and Sophia Ruiz. Guest: Eddie Correa. Staff: Doug Jenson, Suzanne Luetjen, Brandin Bowman, and Yadira Santiago.

2 – No public comment.

3 – Consideration to accept the Election of Officers/Appointments – In accordance with the Bylaws of the Board of Directors, the following officer/appointment elected to terms of one year or until successors are elected and qualified, effective July 1, 2020:

Sophia Ruiz – Appointed by Associated Students

It was moved by Audrey Yamagata-Noji to declare the presented officer elected/appointed member to the Board of Directors of the Mt. SAC Auxiliary Services Corporation. The motion was seconded by Rosa Royce.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung, Ruiz
Noes: none

4 – Consideration of Approval of Minutes for September 3, 2020 – It was moved by Rosa Royce, seconded by Audrey Yamagata-Noji, to approve the minutes of September 3, 2020.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung
Abstain: Ruiz (was not present for the 09.03.2020, meeting)

5 – Consideration of Approval/Ratification of Sodexo Contract Amendment – It was moved by Audrey Yamagata-Noji, seconded by Rosa Royce, to approve ratification of the Sodexo Contract Amendment.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung
Noes: Ruiz

6 – Consideration of Approval/Ratification of Barnes & Noble Contract Amendment – It was moved by Rosa Royce, seconded by Morris Rodrigue, to approve ratification of the Barnes & Noble Contract Amendment.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung
Noes: Ruiz

7 – Consideration of Approval of Statement of Revenues and Expenditures (Unaudited) YTD June 30, 2020 – It was moved by Audrey Yamagata-Noji, seconded by Sophia Ruiz, to approve the Statement of Revenues and Expenditures (Unaudited) YTD June 30, 2020.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung, Ruiz
Noes: None

8 – Consideration of Approval of Statement of Revenues and Expenditures (Unaudited) YTD September 30, 2020 – It was moved by Jenny Leung, seconded by Sophia Ruiz, to approve the Statement of Revenues and Expenditures (Unaudited) YTD September 30, 2020.

Ayes: Rodrigue, Yamagata-Noji, Royce, Leung, Ruiz
Noes: None

9 – Discussion – Review of Bylaws – Morris would like the Bylaws reviewed and a more detailed discussion at the next scheduled meeting.

10 – Discussion – Update on the Bookstore Advisory Committee and the Sodexo Advisory Committee. At this time there is no update due to the Covid-19 Pandemic/campus closure. This item will be kept on the Agenda, further discussion at the next scheduled meeting.

11 – Reports:

- Sodexo – Eddie Correa

12 – Adjournment – The meeting adjourned at 3:24 p.m.

CPAs & BUSINESS ADVISORS

February 17, 2021

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, 2020, and have issued our report thereon dated February 17, 2021. 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 March 16, 2020, 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 your 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 February 17, 2021.

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 Entity'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 2 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 ended June 30, 2020. 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, 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 net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense is based on the District'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 District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

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.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Understatement of Cash in County Treasury (fair market value adjustment)*	$9,106

*Fair market value was not adjusted because gains or losses generally do not materialize due to the nature of the investment in the county treasury pool. Redemptions of this investment are generally at face value.

The effect of these uncorrected misstatements as of and for the year ended June 30, 2020 is an understatement of change in net position of $9,106, and understatement of net position of $9,106.

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 Auxiliary's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated February 17, 2021.

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, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Auxiliary's auditors.

This report is intended solely for the information and use of the Governing Board 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, 2020

Mt. San Antonio College
Auxiliary Services

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the Auxiliary's basic financial statements as listed in the table of contents.

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

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

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

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

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

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and other required supplementary information on pages 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, 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 the 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 the Auxiliary's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

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 ended June 30, 2020, with comparative information for the year ending June 30, 2019. 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 campus of Mt. San Antonio College 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.

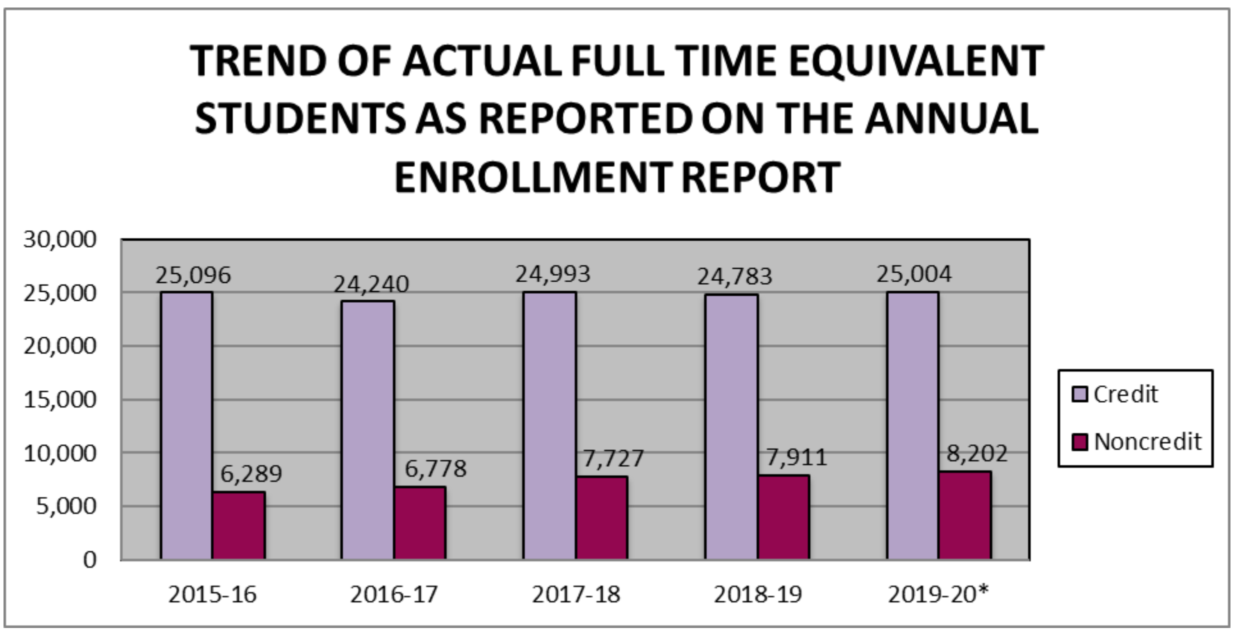
Financial Highlights

This section is to provide an overview of the Auxiliary's financial activities in comparison with the prior year, placing emphasis on current year activities.

Selected Highlights

- Apportionment revenues for the College are calculated based on the Student-Centered Funding Formula (SCFF), effective since the fiscal year 2018-19. The College made great progress with the SCFF and had an ongoing increase of $10 million calculated at the 2019-20 first principal apportionment.

- As of June 30, 2020, FTES were measured at the February 2020 level for the fiscal year 2019-20 because the District applied for Emergency Conditions due to COVID-19. This was done in an effort to maintain the same level of funding. The total actual full-time equivalent students (FTES) increased from 32,694 to 33,206, a 1.6 percent increase for credit and noncredit students. Credit increased from 24,783 in 2018-2019 to 25,004 in 2019-2020, and noncredit increased from 7,911 in 2018-2019 to 8,202 in 2019-2020. The District is offering more dual enrollment and noncredit courses and has become the largest Community College District in the State offering noncredit classes. The following shows a five year trend for actual FTES produced by the District:



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

While the District made every effort to continue to grow in the fiscal year 2019-2020, the effects of the COVID-19 pandemic resulted in lower commissions from Barnes and Noble.

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 two 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 unrestricted net position that is available to the Auxiliary for any lawful purpose of the Auxiliary.

The Statement of Net Position is summarized below:

	2020	2019	Change
ASSETS			
Cash and investments	$ 3,270,551	$ 3,135,133	$ 135,418
Receivables and other assets	250,413	302,578	(52,165)
Capital assets (net)	286,200	314,068	(27,868)
Total Assets	3,807,164	3,751,779	55,385
DEFERRED OUTFLOWS OF RESOURCES	1,108,081	1,537,476	(429,395)
LIABILITIES			
Payables and other current liabilities	131,438	116,022	15,416
Long-term liabilties	4,946,669	5,153,337	(206,668)
Total Liabilities	5,078,107	5,269,359	(191,252)
DEFERRED INFLOWS OF RESOURCES	418,628	307,737	110,891
NET POSITION			
Net investment in capital assets	286,200	314,068	(27,868)
Unrestricted deficit	(867,690)	(601,909)	(265,781)
Total Net Position (Deficit)	$ (581,490)	$ (287,841)	$ (293,649)

- Current assets are mainly cash and cash equivalents and investments consisting of $3,270,551. Receivables and other assets primarily include accounts receivable of $204,799. This includes salary reimbursements from Barnes and Noble, contribution toward the purchase of a food truck from Sodexo, Pepsi rebates, commissions from Barnes and Noble, commissions from Compass Group vending machines, and interest earned. The overall increase in current assets is centered in a cash increase due to an increase in interest earned and a decrease in payments to vendors and suppliers.

- The majority of cash is deposited in the Los Angeles County Treasury. The interest rate as of June 30, 2020 was 0.8 percent.

- Current liabilities had a net increase of $15,416. This section primarily includes accounts payable for payroll liabilities and Due to the District. The increase is due to the June 2020 payroll accruals.

- The long-term liabilities decreased by $206,668. The decrease is attributed to a decrease in the net OPEB liability.

- 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 2019-2020 fiscal year. Deferred outflows of resources decreased by $429,395, while deferred inflows of resources increased by $110,891, respectively.

In accordance 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 $179,824. This decrease is primarily associated with amortization of prior year balances. The deferred inflows related to OPEB increased by $131,861. This increase is due to the change in assumptions for the discount rate. See Note 10 for detailed information related to the net OPEB liability 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 a decrease of $249,571. There were no significant changes of assumptions. The decrease was due to the amortization of the deferred outflows. The deferred inflows of resources had a minor decrease of $20,970, which is primarily due to amortization of prior year balances. See Note 11 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:

	2020	2019	Change
Operating Revenues	$ 1,456,622	$ 1,739,532	$ (282,910)
Operating Expenses			
Salaries and benefits	1,434,330	1,387,415	46,915
Supplies, materials, and other operating expenses	305,126	393,777	(88,651)
Student financial aid	40,500	27,500	13,000
Depreciation	27,868	28,576	(708)
Total Operating Expenses	1,807,824	1,837,268	(29,444)
Net Operating Loss	(351,202)	(97,736)	(253,466)
Nonoperating Income			
Interest Income	57,553	50,847	6,706
Net Decrease in Net Position	$ (293,649)	$ (46,889)	$ (246,760)

- Operating revenues had a net decrease of $282,910 mainly comprised of a decrease in Barnes and Noble, Sodexo, Pepsi, and Compass Vending commissions for a total of $215,576. These reductions are due to decreases in sales as a result of the COVID-19 pandemic campus closure beginning March 2020.

- Operating expenses decreased by $29,444. The major expenditure area is in salaries and benefits which account for 79 percent of the total operating expenses. However, as per the contract with Barnes and Noble, most of the payroll expenses are reimbursed to the Auxiliary. In addition, the main decrease in Supplies, Materials, and Other Operating expenses is in Hospitality expenses as a result of the COVID-19 pandemic campus closure beginning March 2020.

- The decrease in net position of $246,760 in the fiscal year 2019-2020 is mainly attributed to the decrease in commissions due to the COVID-19 pandemic.

The following is a summary of operating activity:

For the year ending June 30, 2020

	Auxiliary Services	Bookstore	Dining Services	Total
Operating revenues	$ 118,690	$ 1,213,226	$ 124,706	$ 1,456,622
Operating expenses	643,914	923,772	240,138	1,807,824
Operating Income (Loss)	$ (525,224)	$ 289,454	$ (115,432)	$ (351,202)

For the year ending June 30, 2019

	Auxiliary Services	Bookstore	Dining Services	Total
Operating revenues	$ 152,720	$ 1,323,361	$ 263,451	$ 1,739,532
Operating expenses	669,474	881,213	286,581	1,837,268
Operating Income (Loss)	$ (516,754)	$ 442,148	$ (23,130)	$ (97,736)
Net Change, Current Year versus Prior Year	$ (8,470)	$ (152,694)	$ (92,302)	$ (253,466)

- The net operating income for the Bookstore decreased by $152,694. The overall Bookstore operating income decreased mainly due to a decrease in Barnes and Noble commissions as a result of the COVID-19 pandemic. The operating expenses increased primarily due to an increase in retiree health premiums, health benefits due to changes in tiers, and a 3.26 percent cost-of-living increase in salaries.

- The operating revenues for Dining Services decreased by $138,745, and the operating expenses also decreased by $46,443, resulting in an operating loss of $92,302. This loss is primarily attributed to decreases in commissions due to the COVID-19 pandemic and not receiving a contribution for the food truck, which was a one-time event in the 2018-19 fiscal year. The decrease in operating expenses is intimately related to the hospitality expenses reductions due to COVID-19 pandemic campus closure.

- Auxiliary Services operating revenues include commissions for the vending machines, ATM machines, and the Pepsi contract. The operating expenses include the accounting services provided by the District, OPEB expenses, pension expenses, depreciation and amortization expenses, and contributions for student scholarships. The Auxiliary Services net operating loss increased by $8,470. The decrease is mainly attributed to a decrease in vending and Pepsi commissions.

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 2019-2020 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. 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.

	2020	2019	Change
Cash Provided by (Used in)			
Operating activities	$ 76,792	$ 535,616	$ (458,824)
Capital financing activities	-	(191,009)	191,009
Investing activities	58,626	46,363	12,263
Net Increase in Cash	135,418	390,970	(255,552)
Cash, Beginning of Year	3,135,133	2,744,163	390,970
Cash, End of Year	$ 3,270,551	$ 3,135,133	$ 135,418

- Cash receipts from operating activities are primarily from commissions. Cash payments of operating activities include employee salaries and benefits, and miscellaneous operating expenses. The decrease in cash from operating activities is primarily attributed to a decrease in commissions prior to the pandemic and decreases in commissions due the COVID-19 pandemic.

- Capital and related financing activities decreased because a new food truck was purchased for Dining Services in fiscal year 2018-19.

- Cash from investing activities primarily includes interest earned on cash in the Los Angeles County Treasury. There was an increase due to high cash balances.

Capital Asset and Long-Term Liability Administration

Capital Assets

As of June 30, 2020, the Auxiliary had $286,200 invested in net capital assets, primarily related to Bookstore and Dining Services. Total capital assets of $1,860,194 consists of leasehold improvements, data processing equipment, ATM machines, cash registers and other office equipment; these assets have accumulated depreciation of $1,573,994. Depreciation expense of $27,868 was recorded for the fiscal year.

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

	2020	2019
Equipment	$ 1,031,278	$ 1,031,278
Leasehold improvements	828,916	828,916
Total Capital Assets	1,860,194	1,860,194
Less accumulated depreciation	(1,573,994)	(1,546,126)
Capital Assets, Net	$ 286,200	$ 314,068

Long-Term Liabilities

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

	2020	2019
Compensated absences	$ 60,901	$ 57,431

Long-term liabilities also include the net OPEB liability and the net pension liability, which amounted to $760,922 and $4,124,846 at June 30, 2020, respectively.

Notes 9, 10 and 11 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 is strong to effectively manage the negative impacts of the 2020-21 State budget that includes a $45.1 million cash deferral. The precise impact of the pandemic on the state's economic condition is still uncertain. The College will continue to focus on budget resiliency and preservation of cash to sustain program and services for the following year.

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	$ 123,897
Investments	3,146,654
Accounts receivable	204,799
Due from District	35,026
Notes receivable	10,588
Depreciable capital assets, net of depreciation	286,200
Total assets	3,807,164
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	209,414
Deferred outflows of resources related to pensions	898,667
Total deferred outflows of resources	1,108,081
Liabilities	
Accounts payable	113,459
Due to District	17,979
Long-term liabilities	
Compensated absences payable	60,901
Net other postemployment benefits (OPEB) liability	760,922
Net pension liability	4,124,846
Total liabilities	5,078,107
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	205,011
Deferred inflows of resources related to pensions	213,617
Total deferred inflows of resources	418,628
Net Position	
Net investment in capital assets	286,200
Unrestricted deficit	(867,690)
Total Net Position (Deficit)	$ (581,490)

Operating Revenues		
Bookstore commissions	$	412,708
Reimbursement of Bookstore salaries		545,410
Food service commissions		124,706
Vending		59,000
Book rentals		1,723
Miscellaneous revenues		313,075
Total operating revenues		1,456,622
Operating Expenses		
Salaries		404,582
Employee benefits		1,029,748
Supplies and materials		147,961
Other operating expenses and services		157,165
Financial aid		40,500
Depreciation		27,868
Total operating expenses		1,807,824
Net Operating Loss		(351,202)
Nonoperating Income		
Interest income		57,553
Change in Net Position		(293,649)
Net Position, Beginning of Year		(287,841)
Net Position, End of Year	$	(581,490)

Operating Activities	
Auxiliary enterprise sales and charges	$ 1,507,714
Payments to vendors for supplies and services	(320,203)
Payments to or on behalf of employees	(1,070,219)
Payments to students for aid	(40,500)
Net Cash Flows from Operating Activities	76,792
Investing Activities	
Interest received from investments	58,626
Net Change in Cash and Cash Equivalents	135,418
Cash and Cash Equivalents, Beginning of Year	3,135,133
Cash and Cash Equivalents, End of Year	$ 3,270,551
Reconciliation of net operating loss to net cash from operating activities	
Operating loss	$ (351,202)
Adjustments to reconcile operating loss to net cash from operating actvities	
Depreciation expense	27,868
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	86,118
Due from District	(35,026)
Deferred outflows of resources related to OPEB	179,824
Deferred outflows of resources related to pensions	249,571
Accounts payable	(76,007)
Due to District	(3,287)
Compensated absences	3,470
Net other postemployment benefits (OPEB) liability	(399,345)
Net pension liability	283,917
Deferred inflows of resources related to OPEB	131,861
Deferred inflows of resources related to pensions	(20,970)
Net Cash from Operating Activities	$ 76,792
Cash and cash equivalents consist of the following:	
Cash in banks	$ 123,897
Cash in County treasury	3,146,654
	$ 3,270,551

	Retiree Benefit Trust
Assets	
Cash and cash equivalents	$ 22,887
Investments	3,666,020
Total assets	$ 3,688,907
Net Position	
Restricted	
Held in trust for other postemployment benefits	$ 3,688,907

	Retiree Benefit Trust
Additions	
Contributions	$ 273,785
Interest and investment income	230,346
Net realized and unrealized losses	(316,267)
Total additions	187,864
Deductions	
Benefits	273,785
Administrative expenses	7,506
Total deductions	281,291
Change in Net Position	(93,427)
Net Position, Beginning of Year	3,782,334
Net Position, End of Year	$ 3,688,907

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

Accounts Receivable

Accounts receivable include amounts due from 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.

Notes Receivable

Notes receivable are recorded at the stated value of the note which approximates fair value. An allowance has not been recorded as management does not expect to incur any significant uncollectable accounts.

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

Accrued Liabilities and Long-Term Liabilities

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

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 lease.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Auxiliary reports deferred outflows of resources for OPEB and pension related items.

In addition to liabilities, the Statement of Net Position also reports 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 $60,901 outstanding for accrued vacation.

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 .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 and 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, 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 OPEB Trust financial statements report $3,688,907 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.

Change in Accounting Principles

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

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1*, Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

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

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

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Auxiliary has already implemented this standard as of June 30, 2020.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.

- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the Auxiliary's financial statements have not yet been determined.

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

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

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

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

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, 2020, consist of the following:

Cash in revolving	$ 123,897
Cash with fiscal agent	22,887
Investments	6,812,674
Total Deposits and Investments	$ 6,959,458

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.

Investment Type	Reported Amount	Weighted Average Maturity in Days	Average Credit Rating
Mutual funds	$ 50,223	No maturity	Not applicable
Equities	1,386,225	No maturity	Not applicable
Preferred stock	533,219	No maturity	Not applicable
Corporate and other bonds	1,696,353	5,149	BB+
Los Angeles County Investment Pool	3,146,654	590	Not rated
	$ 6,812,674		

Custodial Credit Risk - Deposits and Investments

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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, 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.

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, 2020, the Auxiliary's investment balance of $3,666,020 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, 2020:

Investment Type	Fair Value	Level 1
Mutual funds	$ 50,223	$ 50,223
Equities	1,386,225	1,386,225
Preferred stock	533,219	533,219
Corporate and other bonds	1,696,353	1,696,353
	$ 3,666,020	$ 3,666,020

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, 2020, consisted of the following:

Commissions	$ 23,664
Salary reimbursements	59,611
Equipment reimbursements	95,504
Interest	15,484
Other local	10,536
	$ 204,799

Note 6 - Notes Receivable

The Auxiliary has a loan agreement with the Mt. San Antonio College Foundation (the Foundation), an independent, voluntary nonprofit corporation. The interest-free note was issued in July 2002 for one-half the cost of the salary of the Director of Development of the Foundation and one-half the cost of the salary of the Administrative Assistant of the Foundation over a two-year period totaling $103,800.

Repayment began November 2004 with annual payments varying from $4,152 to $10,380. Originally the note was scheduled to be repaid by November 2015; however, in July 2012, the Auxiliary's Board of Directors agreed to extend the repayment period of the loan to November 2021. The remaining balance is scheduled to be paid in equal installments of $3,529. The balance outstanding at June 30, 2020 is $10,588.

Note 7 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets being depreciated				
Equipment	$ 1,031,278	$ -	$ -	$ 1,031,278
Leasehold improvements	828,916	-	-	828,916
Total capital assets being depreciated	1,860,194	-	-	1,860,194
Less accumulated depreciation				
Equipment	(827,850)	(8,491)	-	(836,341)
Leasehold improvements	(718,276)	(19,377)	-	(737,653)
Total accumulated depreciation	(1,546,126)	(27,868)	-	(1,573,994)
Net Capital Assets	$ 314,068	$ (27,868)	$ -	$ 286,200

Depreciation expense for the year was $27,868.

Note 8 - Accounts Payable

Accounts payable for the Auxiliary as of June 30, 2020, consisted of the following:

Salaries and benefits	$ 57,910
Vendor payables	55,549
	$ 113,459

Note 9 - Compensated Absences

The changes in the Auxiliary's compensated absences balance during the 2020 fiscal year was:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Compensated absences	$ 57,431	$ 3,470	$ -	$ 60,901

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the Auxiliary reported a net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense of $760,922, $209,414, $205,011 and $(182,370), 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, 2020, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	35
Active employees	5
	40

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, 2020, the Auxiliary contributed $273,785 to the Plan, which was used for current premiums.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the 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, 2020:

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

Rate of Return

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was (2.47) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Auxiliary

The Auxiliary's net OPEB liability of $760,922 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the Auxiliary at June 30, 2020, were as follows:

Total OPEB liability	$ 4,449,829
Plan fiduciary net position	3,688,907
Auxiliary's net OPEB liability	$ 760,922
Plan fiduciary net position as a percentage of the total OPEB liability	83%

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

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

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

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous 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, 2019 valuation were based on the results of an actual experience study as of July 2019.

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, 2020, (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	7.795%
Long-term bonded instruments	5.295%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0 percent. 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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 4,942,601	$ 3,782,334	$ 1,160,267
Service cost	24,560	-	24,560
Interest	254,337	-	254,337
Contributions - employer	-	273,785	(273,785)
Expected net investment income	-	188,929	(188,929)
Difference between projected and actual earnings on OPEB plan investments	-	(274,850)	274,850
Changes of assumptions	(497,884)	-	(497,884)
Benefit payments	(273,785)	(273,785)	-
Administrative expense	-	(7,506)	7,506
Net change in total OPEB liability	(492,772)	(93,427)	(399,345)
Balance at June 30, 2020	$ 4,449,829	$ 3,688,907	$ 760,922

There were no changes in benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in the discount rate from 5.00 percent in 2019 to 6.00 percent in 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.00%)	$ 1,210,951
Current discount rate (6.00%)	760,922
1% increase (7.00%)	329,937

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 279,468
Current healthcare cost trend rate (4.00%)	760,922
1% increase (5.00%)	1,263,860

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 205,011
Net difference between projected and actual earnings on OPEB plan investments	209,414	-
	$ 209,414	$ 205,011

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
2021	$ 58,880
2022	58,880
2023	36,684
2024	54,970
	$ 209,414

Amounts reported as deferred inflows of resources related to OPEB changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 1.7 years and the amount reported as deferred inflows of resources related to OPEB for changes of assumptions will be recognized in OPEB expense in the 2020-2021 year.

Note 11 - 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, 2020, the Auxiliary reported the net pension liability, deferred outflows of resources, and deferred inflows of resources of $4,124,846, $898,667 and $213,617, respectively. Pension expense for the fiscal year ended June 30, 2020 was $512,518.

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, 2020, 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%	6.25%
Required employer contribution rate	10.221%	6.985%

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, 2020, are presented above, and the total Auxiliary contributions were $317,948.

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

As of June 30, 2020, the Auxiliary reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $4,124,846. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.1030 percent and 0.1019 percent, respectively, resulting in a net increase in the proportionate share of 0.0011 percent.

For the year ended June 30, 2020, the Auxiliary recognized pension expense of $512,518. At June 30, 2020, 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	$ 317,948	$ -
Change in proportion and differences between contributions made and the Auxiliary's proportionate share of contributions	97,539	49,579
Differences between projected and actual earnings on the pension plan investments	-	72,115
Differences between expected and actual experience in the measurement of the total pension liability	286,488	22,197
Changes of assumptions	196,692	69,726
	$ 898,667	$ 213,617

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
2021	$ 46,437
2022	(112,781)
2023	(20,344)
2024	14,573
	$ (72,115)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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 3.8 years and will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 310,284
2022	66,977
2023	61,956
	$ 439,217

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and 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 percent of Scale MP-2016.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 (6.15%)	$ 6,616,469
Current discount rate (7.15%)	4,124,846
1% increase (8.15%)	2,068,187

Note 12 - Functional Expenses Classification

The Auxiliary's operating expenses by functional classification for the fiscal year ended June 30, 2020, are:

	Auxiliary Services	Bookstore	Dining Services	Total
Salaries	$ -	$ 404,582	$ -	$ 404,582
Employee benefits	456,219	508,188	65,341	1,029,748
Supplies, materials, and other operating expenses and services	146,334	11,002	147,790	305,126
Financial aid	40,500	-	-	40,500
Depreciation	861	-	27,007	27,868
	$ 643,914	$ 923,772	$ 240,138	$ 1,807,824

Note 13 - 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 leasehold improvements. The outstanding balance owed to the District as of June 30, 2020 was $17,979.

The Auxiliary reimburses the District for the cost of accounting services. The amount reimbursed to the District for the Auxiliary's accounting function in 2019-2020 was $134,144.

At June 30, 2020, $35,026 was due from the District for reimbursement of expenses.

Note 14 - Subsequent Events

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

Required Supplementary Information
June 30, 2020

Mt. San Antonio College Auxiliary Services

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 24,560	$ 28,242	$ 22,793
Interest	254,337	202,863	204,628
Differences between expected and actual experience	-	783,565	-
Changes of assumptions	(497,884)	-	-
Benefit payments	(273,785)	(249,176)	(262,944)
Net changes in total OPEB liability	(492,772)	765,494	(35,523)
Total OPEB Liability - beginning	4,942,601	4,177,107	4,212,630
Total OPEB Liability - ending (a)	$ 4,449,829	$ 4,942,601	$ 4,177,107
Plan fiduciary net position			
Contributions - employer	$ 273,785	$ 249,176	$ 262,944
Expected net investment income	188,929	175,863	172,947
Difference between projected and actual earnings on OPEB plan investments	(274,850)	91,438	(110,990)
Benefit payments	(273,785)	(249,176)	(262,944)
Administrative expense	(7,506)	(4,468)	(2,770)
Net change in plan fiduciary net position	(93,427)	262,833	59,187
Plan fiduciary net position - beginning	3,782,334	3,519,501	3,460,314
Plan fiduciary net position - ending (b)	$ 3,688,907	$ 3,782,334	$ 3,519,501
Auxiliary's net OPEB liability - ending (a) - (b)	$ 760,922	$ 1,160,267	$ 657,606
Plan fiduciary net position as a percentage of the total OPEB liability	82.90%	76.53%	84.26%
Covered-employee payroll	$ 398,852	$ 439,230	$ 452,043
Auxiliary's net OPEB liability as a percentage of covered-employee payroll	191%	264%	145%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-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	2020	2019	2018	2017	2016	2015
Auxiliary's proportionate share of the net pension liability	0.1030%	0.1019%	0.0994%	0.0837%	0.0841%	0.1023%
Auxiliary's proportion of the net pension liability	$ 4,124,846	$ 3,840,929	$ 3,917,476	$ 2,908,635	$ 2,306,248	$ 2,528,705
Auxiliary's covered payroll	$ 439,230	$ 452,043	$ 460,333	$ 492,446	$ 503,000	$ 485,900
Auxiliary's proportionate share of the net pension liability as a percentage of its covered payroll	939%	850%	851%	591%	458%	520%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	77.9%	75.4%	75.9%	79.9%	80.6%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS - Miscellaneous Risk Pool	2020	2019	2018	2017	2016	2015
Contractually required contribution - percentage of payroll	$ 39,414	$ 40,204	$ 39,637	$ 39,552	$ 52,092	$ 85,257
Contractually required contribution - employer unfunded accrued liability contribution	278,534	233,582	190,547	160,704	144,852	-
Contributions in relation to the contractually required contribution	(317,948)	(273,786)	(230,184)	(200,256)	(196,944)	(85,257)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Auxiliary's covered payroll	$ 398,852	$ 439,230	$ 452,043	$ 460,333	$ 492,446	$ 503,000
Contributions as a percentage of covered payroll	9.882%	9.153%	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 and Related Ratios

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 5.00 percent to 6.00 percent since the previous valuation.

Schedule of OPEB Investment Returns

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

Schedule of the 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 - There were no changes in economic assumptions for the CalPERS plan from the previous valuations.

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.

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, 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, 2020, and the related notes to the financial statements, which collectively comprise the Auxiliary's basic financial statements and have issued our report thereon dated February 17, 2021.

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 Auxiliary's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the 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
February 17, 2021

None reported.

None reported.

Mt. San Antonio College Auxiliary Services
Statement of Revenues and Expenses (Unaudited)
(YTD December 31, 2020)

	2020-21 ESTIMATED	2020-21 ACTUALS as of 12/31/20	2019-20 ACTUALS as of 12/31/19
Revenues			
Commissions and Sponsorships:			
Barnes and Noble	$ 206,248	$ 87,610	$ 214,359
Sodexo	-	-	96,000
Pepsi	52,000	52,000	10,000
Compass Group-Canteen Vending	59,000	-	29,500
ATM			606
Salaries and Employer Benefits - Reimbursed by Barnes & Noble	565,882	47,157	257,831
August 2020-December 2020 to be paid by Auxiliary Services (per MOU)	(235,784)		
January 2021-June 2021 contract terms pending discussion (per MOU)			
B&N Scholarships	5,000		
Other:			
Unfunded CalPERS Liability-Paid by the District	288,004	144,002	126,536
Miscellaneous Income (One-Time)	-	697	1,652
Food Truck			
Misc. Income (Textbooks Rentals, Medicare Part D, and Other)			
Interest Income	24,916	12,720	29,383
Total Revenues	**$ 965,266**	**$ 344,186**	**$ 765,866**
Expenses			
Operating Expenses:			
Salaries and Employer Benefits - Reimbursed by Barnes & Noble			$ 260,875
July 2020 Reimbursed by Barnes & Noble	$ 47,157	$ 47,157	
August 2020-December 2020 to be paid by Auxiliary Services (per MOU)	235,784	235,883	
January 2021-June 2021 contract terms pending discussion (per MOU)	282,941		
Retirees Health Premiums	273,785	145,103	126,401
Unfunded CalPERS Liability	311,008	155,531	139,267
Accounting Services (Includes Reimbursement of 1 FTE)	134,144	73,907	60,985
Hospitality			
Hospitality-President Institutional	75,000	-	34,173
Hospitality-President	75,000	16,380	36,167
Hospitality-Human Resources	13,000	-	11,003
Hospitality-Instruction	20,000	449	6,737
Hospitality-Student Services	13,000	423	1,340
Hospitality-Administrative Services	21,000	2,463	10,229
Facilities Lease (Paid to the College)	10,000	5,000	5,000
Office Supplies, ATM Fees, Bank Charges	10,193	3,635	5,305
Scholarships and Donations:			
Scholarships-Canteen Vending	9,000	-	-
Scholarships-Pepsi	22,500	22,500	-
Foundation Golf Tournament Fund-Pepsi	2,000	2,000	-
Barnes & Noble Textbook Scholarship	5,000	-	-
Miscellaneous			
Contribution to Friends to Improve Mt. Sac 2018	-	-	-
Miscellaneous Expenses	2,000	952	1,120
Total Expenses	**$ 1,562,512**	**$ 711,381**	**$ 698,603**
Income or Loss - Modified Accrual Basis	**$ (597,246)**	**$ (367,195)**	**$ 67,263**
GASB Transactions:			
GASB Adjustments for Pension and OPEB	-	-	-
Depreciation	33,818	16,909	11,933
	33,818	16,909	11,933
Income or Loss Per Audit - Full Accrual Basis	**$ (631,063)**	**$ (384,104)**	**$ 55,330**

Mt. San Antonio College Auxiliary Services
Income Statement Report for the Second Quarter 2020-21
(As of 12/31/2020)

The "2020-21 Estimated" includes projected figures for the fiscal year. The report also includes year-to-date actuals as of December 31, 2020 compared to December 31, 2019. As of December 31, 2020, net income decreased by $439,434 ($55,330 in 2019-20 to $-384,104 in 2020-21). This decrease is primarily attributed to:

- The net decrease in Commissions of $210,855. Barnes & Noble, Sodexo, and Compass Group-Canteen Vending commissions decreased for a total of $252,855, while the Pepsi commission increased by $42,000 due to the timing when it was received. In the fiscal year 2019-20, this commission was received in the third quarter.

- $210,674 decrease in Salaries and employer Benefits not reimbursed by Barnes and Noble from August through December 2020 due to the pandemic, which was the result of an agreement made between the Auxiliary and Barnes and Noble signed on November 2, 2020.

- Increase in Retirees Health Premiums of $18,702 due to retirement of one employee and increases in health and welfare premiums. Increases in salaries and employee benefits of $22,165 and an increase in accounting services provided to the Auxiliary of $12,921 due to increase in health and welfare tiers and the 3.26% COLA increase, effective July 1, 2019. This increase was paid in the fourth quarter of 2019-20.

- Decrease in Hospitality expenses of $79,935 due to campus closure.

- Decrease in Pepsi Scholarships of $22,500 and decrease in a contribution to the Foundation Golf Tournament of $2,000. These items were paid in the second quarter because the Pepsi commission was also received in the second quarter of 2019-20.

TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: March 4, 2021

SUBJECT: Amendment Number Five To The Food Service Vending Agreement

OVERVIEW

In June 2019, the Auxiliary Board approved Amendment Number Four to the Food Service Vending Agreement, effective July 1, 2019, through June 30, 2021, between Mt. SAC Auxiliary Services ("Auxiliary") and Compass Group, USA, Inc., by and through its Canteen Vending Services Division ("Canteen").

ANALYSIS AND FISCAL IMPACT

Amendment Number Five to the Food Service Vending Agreement ("Agreement") shall be effective January 18, 2021, between Auxiliary and Canteen, which agree to renew and extend the Agreement for an additional one (1) year term, extending the Agreement through June 30, 2022. The Guaranteed Annual Vending Commissions of Fifty-Nine Thousand Dollars ($59,000), shall be waived for the 2020-21 Fiscal year. For the 2020-21 Fiscal Year, Canteen shall pay Auxiliary a commision of 27.5% of all net sales. Net sales are defined as all cash collections minus all applicable sales taxes and container redemption values.

RECOMMENDATION

It is recommended that the Auxiliary Services Board approve Amendment Number Five to the Food Service Vending Agreement.

Mt. SAC Auxiliary Services
Mt. San Antonio College

TO: Mt. SAC Auxiliary Services Board of Directors

FROM: Morris Rodrigue – Vice President, Administrative Services

DATE: March 4, 2021

SUBJECT: Approve Association Dues for 2021-22

BACKGROUND AND OVERVIEW

The Bookstore has been involved and active in the National Association of College Auxiliary Services (NACAS) association for many years.

ANALYSIS

NACAS provides professional development and leadership opportunities for its members to be successful as they support higher education through auxiliary/campus services. Membership fees remain the same, no increase from 2020-21, $935.00.

RECOMMENDATION

That the Auxiliary Services Board of Directors recommends approval of association dues for the National Association of College Auxiliary Services for 2021-22.