LAKE TAHOE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lake Tahoe Community College District
South Lake Tahoe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Lake Tahoe Community College Foundation), and the aggregate remaining fund information of Lake Tahoe Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2019-2020 *Contracted District Audit Manual (CDAM)*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

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, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
February 25, 2021

5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Lake Tahoe Community College District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020, including comparative information for the year ended June 30, 2019. The intent of the “Management’s Discussion and Analysis” is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial standing, this analysis should be read in conjunction with the entire Independent Auditor's Report, particularly the District's financial statements beginning on page 14, and the notes to the basic financial statements beginning on page 23.

The Management’s Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." Statement No. 35 was subsequently released, defining financial reporting for public colleges and universities. The financial statements in this report have been prepared in accordance with these standards.

The California Community College Chancellor's Office, through its Fiscal and Accountability Standards Committee, has recommended the Business Type Activity (BTA) model for financial reporting. Lake Tahoe Community College District has adopted the BTA reporting model for these financial statements.

To provide a more meaningful analysis of the District's financial information, certain comparative information is required to be presented in the MD&A. The reader will find comparative information relative to Full Time Equivalent Student enrollment (FTES) as well as key highlights of the audited financial statements.

As required, the annual report consists of three basic financial statements that provide information on the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses and Change in Net Position
- Statement of Cash Flows

Financial Highlights

- The 2019-20 State Budget Act was adopted on June 27, 2019. This state budget reflects an economy that has expanded for ten consecutive years and as in the previous year continues to prepare for a recession in the future. This is reinforced by the limiting of new ongoing spending obligations and increasing the state’s rainy-day fund. The COLA for FY19-20 is 3.26%. There is funding in the form of one-time allocation for instructional equipment and scheduled maintenance, however, it is lower when comparted to FY18-19. Also included in the budget was a slight increase to the base allocation from the state, which includes an increase to the marginal FTES funding rate to $5,765 per FTES.

- The Board of Trustees’ designated contingency reserve was designated in the Adopted Budget at 14.84% of budgeted unrestricted appropriations ($2,538,108). At June 30, 2020, the ending unrestricted fund balance was $2,731,932 or 15.20% of 2018-19 unrestricted appropriations. In addition to the General Fund Reserves, LTCCD held reserves in other funds for the following purposes.

Financial Highlights, continued

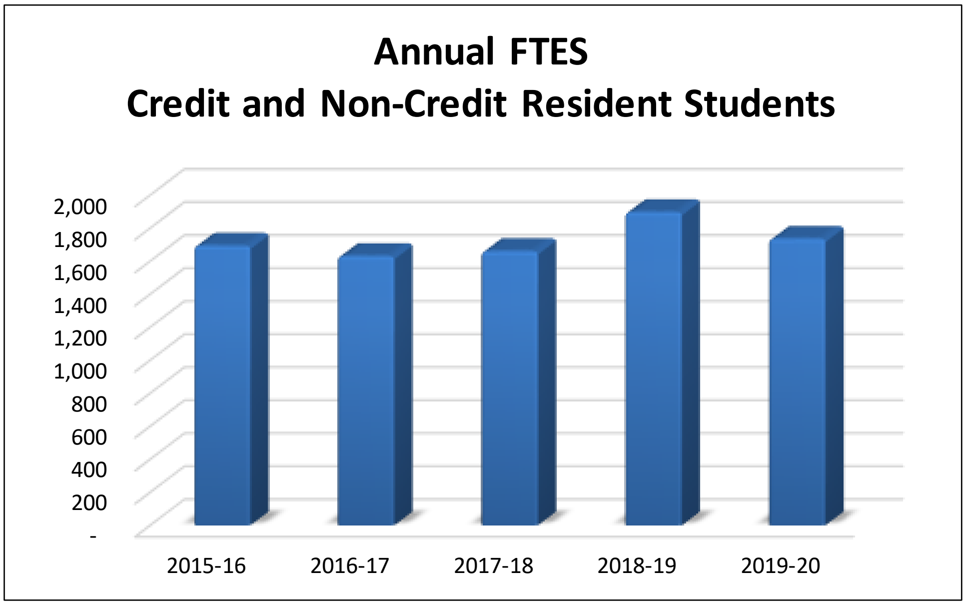
- Child Development Center (Fund 33) - $8,331 was assigned for unanticipated declining revenue as well as unexpected expenses.
- Capital Projects Fund (Fund 41) - $466,447 was assigned to reserves for capital projects.
- Capital Project Fund for University Center (Fund 44) - $200,000 was assigned to reserves for deferred maintenance as required by the donation as well as an additional $41,840 for equipment replacement.
- Community Play Consortium, a JPA between Lake Tahoe Community College and the City of South Lake Tahoe (Fund 59) - $262,500 was assigned to reserves to include $25,500 for equipment replacement and $231,000 for synthetic field maintenance and replacement.
- Self-Insurance Fund (Fund 61) - $80,000 was assigned to fund the District share of property/liability claims.
- Retiree Health Benefits Fund (Fund 69) – $250,000 was assigned at June 30, 2016 with the additional reserve of $350,000 for the STRS/PERS reserve transferred from Fund 11.
- Other Post-Employment Benefits (Fund 79) - $1,453,784 was assigned to this reserve for retiree benefits.

- LTCC has obtained a number of grants to support student enrollment and instruction of which many are state based. The FY19-20 restricted general fund budget continues to increase as LTCC receives money to be used for specific purposes. In previous years, increases were for the student success and support program (SSSP) and the student equity program. In FY15-16, the District was designated as the fiscal agent for the Adult Education Block Grant (AEBG), which is budgeted at $886,965 for the FY19-20 annual allocation. This grant provides funding for the purpose of developing regional plans for adult education and funding will be allocated between the District, Lake Tahoe Unified School District (K-12) and El Dorado County of Education, and additional funding of $400,000 (Regional) and $331,855 (Local) for the Strong Workforce Program to improve and expand efforts for workforce, consistent with recommendations from the Workforce Task Force. The District currently has two federal TRIO grants: Upward Bound, for Math and Science Instruction and Education Talent Search to assist individuals from disadvantaged backgrounds complete postsecondary education. These federal grants are awarded in five-year terms.

- Fiscal Year 2019-20 saw a decrease in full-time equivalent students (FTES) from the adopted budget projections. The FY19-20 adopted budget was based on 1,908 FTES; however, actual FTES were 1,885.05 at year-end due to the outbreak of COVID-19. The outbreak lead the Chancellor's Office to issue an emergency conditions allowance (ECA) locking in the FTES projections submitted in January 2020 as the reportable FTES for apportionment purposes. The reportable FTES, per the ECA, was 1942.95. This would have been a project growth of 1.8%. The district has been taking a conservative approach to projecting FTES for prior years. With the implementation of the new funding formula in FY18-19, reviewing and anticipating FTES will still be required as it makes up the majority of the apportionment from the state, but now there are two additional areas for the district to monitor and plan related to equity and student success. As with the prior year, there are numerous factors in play related to dual enrollment, ISAs, and International students that will affect the ending FTES number. While challenging, the district has created a schedule that emphasizes efficiency while maintaining opportunities for students to complete their courses of study.

Financial Highlights, continued

The following chart illustrates total credit and noncredit FTES reported on the CCFS-320 Annual Student Attendance Report. Total actual FTES decreased by 161 or 8 percent, from FY 2018-19 to FY 2019-20. As noted above, emergency conditions allowance was in place to allow the District to maintain the 1942.95 FTES for apportionment purpose.



Ancillary Programs

- The current contract with Barnes & Noble for the period of July 1, 2019 – June 30, 2020 states that the District will receive a percentage of revenues from Barnes & Noble upon the following scale:
    - 0% on all gross sales up to $500,000
    - 2% on all gross sales up to $500,000
- The Child Development Center (CDC) was designed with the idea of service for the child, the child's family, LTCC and the community. The CDC also provides training for students interested in becoming teachers of children through observation and on-site participation. The operating surplus in fiscal year 2019-20 was $3,006, which was partially covered with a $80,000 subsidy from the general fund.
- A Community Education program was launched in 2011-12 to meet the needs of community members affected by the new repeatability regulations and those desiring enrichment courses. These courses are not subsidized by State apportionment and are instead funded solely by enrollment fees. In 2019-20, this program generated $371,311 in revenue and provided over 165 workshops to approximately 2,600 participants.

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the modified-accrual basis of accounting, which is different than the methods of accounting used by most private-sector institutions. Net position, defined as the difference between assets and liabilities, is one way to measure the financial health of the District.

	2020	2019	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 20,586,799	$ 21,843,639	$ (1,256,840)
Noncurrent assets	49,587,008	48,464,309	1,122,699
Deferred outflows of resources	4,895,300	4,872,389	22,911
Total Assets and Deferred Outflows of Resources	75,069,107	75,180,337	(111,230)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	5,526,952	5,066,667	460,285
Noncurrent liabilities	48,831,863	48,207,171	624,692
Deferred inflows of resources	1,351,463	1,964,489	(613,026)
Total Liabilities and Deferred Inflows of Resources	55,710,278	55,238,327	471,951
NET POSITION			
Invested in capital assets, net of related debt	27,592,629	27,940,875	(348,246)
Restricted	3,554,393	3,355,896	198,497
Unrestricted	(11,788,193)	(11,354,761)	(433,432)
Total Net Position	$ 19,358,829	$ 19,942,010	$ (583,181)

- Total assets for the District decreased by 0.19% in fiscal year 2018-19 from the previous fiscal year.

- Cash and cash equivalents decreased by 13.90% in fiscal year 2018-19 from the previous fiscal year.

- Receivables increased 48.42% year over year primarily due to apportionments and grants.

- Included in capital assets are the net values of buildings, land and equipment. The capitalization threshold is $5,000 or higher based upon original acquisition cost and capital assets by nature must have a life of longer than one year. Capital assets increased 2.32% due to construction in process, and completed projects offset by annual depreciation expense.

- Deferred outflows include items related to the implementation of GASB 68 and GASB 75 Accounting and Financial Reporting for Pensions and Other Postemployment Benefit Plans, and deferred charges on refunded bonds.

Statement of Net Position, continued

- Accounts payable amounts decreased 10.57%. As with every year end it is our intent to request, receive and process invoices prior to year-end deadlines; however, this heavily relies on the vendors used. The decrease in FY19-20 is primarily due to an apportionment in fiscal year 2018-19 that was not present in 2019-20.

- Accrued payroll increased 7.6% due to variations in scheduling that shift the number of sections and days of wages earned in June but not paid until July 2020.

- Due to fiduciary funds increased significantly due to changes in timing of transfers of funds to the irrevocable trust to fund other postemployment benefits.

- Unearned revenue increased 12.02% over last year. The largest deferrals are Strong Workforce Local (categorical) of $815,054, Adult Education (categorical) of $362,022, Guided Pathways (categorical) of $318,999, and Tuition and Association Fees of $342,730. Compensated absences represent the dollar value of accrued vacation leave, compensatory time and banked faculty load. They are classified as a "non-current" liability as we cannot predict the amount that will be paid out in the subsequent year.

- Long-term debt consists of retiree health benefits payable, early retirement incentives, and the principal portion of financing capital projects. Banked faculty load remained about the same as the previous year. Long-term debt is reported both under current and non-current liabilities. The current portion of long-term debt decreased 5.04% and the non-current portion decreased by 2.03%. These changes are due primarily due to current year principal payments of the General Obligation Bonds, 2014 Series A.

- Deferred inflows are a category of items related to the implementation of GASB 68 Accounting and Financial Reporting for Pensions and GASB 75 net OPEB liability. This amount consists of the difference between projected and actual earnings on pension plan and OPEB investments as used in the actuarial studies.

- Net position invested in capital assets includes the net value of all capital assets net of accumulated depreciation, and related outstanding debt used to purchase the capital assets.

- Restricted amounts include reserves for encumbrances, capital projects, stores, and prepaid items.

- Unrestricted net assets reflect the remaining balance of unrestricted assets in all funds and includes the results of the aggregate net pension liability related to the District's share of unfunded PERS and STRS pension plan liabilities due to GASB 68 Accounting and Financial Reporting for Pensions and Unfunded Other Postemployment Benefit Plan liabilities and GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. State general apportionment, while budgeted for in operations, is considered non-operating revenue according to Generally Accepted Accounting Principles.

	2020	2019	Change
OPERATING REVENUES			
Tuitition and fees	$ 2,214,471	$ 2,388,028	$ (173,557)
Grants and contracts, non-capital	10,286,755	9,788,634	498,121
Total Operating Revenues	12,501,226	12,176,662	324,564
OPERATING EXPENSES			
Salaries and benefits	18,581,127	18,878,236	(297,109)
Supplies, materials, and other operating expenses	6,830,940	6,674,584	156,356
Student financial aid	2,453,659	1,708,481	745,178
Depreciation	2,401,368	1,787,129	614,239
Total Operating Expenses	30,267,094	29,048,430	1,218,664
Operating Loss	(17,765,868)	(16,871,768)	(894,100)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, non-capital	10,947,120	10,465,384	481,736
Local property taxes, non-capital	4,828,284	4,544,261	284,023
State taxes and other revenues	48,679	48,997	(318)
Investment income, non-capital	68,413	113,329	(44,916)
Investment income, capital	236,207	319,185	(82,978)
Interest expense on capital asset-related debt	(1,242,812)	(1,259,133)	16,321
Transfers to fiduciary funds	(175,874)	(175,873)	(1)
Total Non-Operating Revenues (Expenses)	14,710,017	14,056,150	653,867
OTHER REVENUES (EXPENSES)			
State and local capital income	632,643	38,544	594,099
Local property taxes and other revenues, capital	1,840,027	1,713,609	126,418
Total Other Revenues	2,472,670	1,752,153	720,517
Change in Net Position	(583,181)	(1,063,465)	480,284
NET POSITION, BEGINNING OF YEAR	19,942,010	21,723,202	(1,781,192)
PRIOR PERIOD ADJUSTMENT (SEE NOTE 17)	-	(717,727)	717,727
NET POSITION, END OF YEAR	$ 19,358,829	$ 19,942,010	$ (583,181)

- As reported in the statement of revenues, expenses, and changes in net position on page 15 of this report, the cost of all the District's governmental activities this year was $31,685,779. The amount funded through local taxpayers by means of property taxes and other revenue was $6,668,311; a increase of 6.6% from the previous fiscal year. Unrestricted state apportionment totaled $10,947,120, an increase of 4.20% from prior year.

Statement of Revenues, Expenses and Change in Net Position, continued

- Net tuition and fees decreased 7.27% in fiscal year 2019-20 due to an overall increase in FTES in 2019-20. Federal grants awarded to the District increased by 34.77%. The increase is due primarily to increased on Federal revenues related to the CARES Act.

- Total operating expenses increased approximately 4.2% from the previous fiscal year with the largest increases occurring in salaries and benefits primarily due to OPEB reporting and in STRS and PERS liabilities associated with pension plans. The non-operating interest expense reflects the interest cost of the general obligation bonds.

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 readers assess the District's ability to generate net cash flows, its ability to meet its obligations and its need for external financing.

Cash Provided by (Used in)	2020	2019	Change
Operating activities	$ (15,362,836)	$ (13,276,422)	$ (2,086,414)
Noncapital financing activities	14,907,778	14,671,124	236,654
Capital financing activities	(2,199,792)	(4,721,323)	2,521,531
Investing activities	68,413	113,329	(44,916)
Net Increase (Decrease) in Cash	$ (2,586,437)	$ (3,213,292)	$ 626,855

- Operating activities include tuition and fees revenues, revenues from grants, operating expenditures, and payments on behalf of the auxiliary enterprises.

- Construction projects and capital debt are reported in capital and related financing activities. The significant increase in net cash provided by capital and related financing activities is a result of issuance of the 2014 Measure F Election Series B general obligation bond.

- Investing activities include interest and capital gains on District investments.

- Overall, cash at the end of the year increased significantly due to the issuance of the 2014 Measure F Election Series B general obligation bond.

Factors That May Affect the Future

The State of California adopted its 2019-20 budget as per statutory law on time for the ninth consecutive year. The budget reflects an economy that has expanded for ten consecutive years and begins to prepare for a recession in the future. The governor made a priority to reinforce the idea that a recession will occur in the future, and according to historical analysis, it will occur in the next few years. The 19-20 state budget reinforced this idea by limiting new ongoing spending obligations and increasing the state's rainy day fund by $1.2 billion. The effects of the State budget was as follows:

1. Of utmost importance is the new funding formula, which was implemented beginning in July 2018. It has 3 main components: a base allocation, a supplemental allocation and a student success allocation. The state included a three-year average on the FTES portion of the allocation to provide a sense of stability.

2. The state budget includes approximately $173.16 million representing the 3.26% COLA increase to the general operating fund and $24.7 million to support 0.55% enrollment growth.

3. 3.26% cost of living adjustment (COLA) to computational revenue.

4. The District is the fiscal agent for the Adult Education Block Grant (AEBG), which is budgeted $886,965 for the annual allocation, plus approximately $348,217 in deferred revenue from FY18-19.

5. The Strong Workforce program to improve and expand efforts for workforce, consistent with recommendations from the Workforce Task Force will be funded for approximately $618,136 ($351,287 regional, $266,849 local) plus approximately $505,383 in local deferred revenue from FY18-19.

- Health and welfare benefit costs have continued to increase each year. The District has negotiated options to control the employer cost of the health plans, including having employees cover the cost differential of any plan that exceeds the Health and Welfare cap of $18,456.

- The District established a separate Retiree Benefit Fund, Fund 69, in 2012-13 and has continued to prefund the costs of retiree benefits into 2019-20. In addition, the District established a new Other Post Retirement Benefits Trust Fund (OPEB), Fund 79, in 2013-14 and transferred $175,000 in the current year to this fund, which is equal to the OPEB Expense as established by the Net OPEB Liability (NOL). The funds transferred to the OPEB trust will be invested and are permanently restricted for the purpose of providing future post-retirement benefits.

- Projected increases to Public Employees Retirement System (PERS) and State Teachers Retirement System (STRS) will impact the District's budget in future years. The State budget provided $9 billion in on-behalf payments over the next four years to pay down unfunded liabilities. The net effect to LTCC on the contribution rates is a reduction of 1.1% for PERS bringing the rate to 19.721% and 1.03% for STRS bringing that rate down to 17.1%.

Factors That May Affect the Future, continued

- The college has strategically reviewed the ending fund balance along with reserves to ensure a stable future for the college. Through additional funding and conservative spending, the EFB was 15.46% followed with a slightly lower projected EFB of 15.44%, for FY20-21. Although the EFB seems to have gained strength and long-term projections indicate that revenue will remain relatively flat in 2020-21, there is still predictions that a recession is historically eminent. The ending fund balance will be adequate for projected apportionment deferrals anticipated in 2020-21.

- Full-time equivalent students (FTES) is one of the college's biggest challenges. The district has been conservative when anticipating FTES in the past. The new funding formula requires a new approach to planning. Reviewing and anticipating FTES will still be required in the future, as it makes up the majority of the apportionment from the state, but now there are two additional areas for the district to monitor and plan related to equity and student success. The college needs to remain diversified in the FTES from face-to-face, online, in-service contracts and incarcerated programs.

- The passage of Measure F, a $55 million dollar Proposition 39 general obligation bond, will provide funding for maintenance and repair and modernization of existing facilities as well as the construction of new facilities. In August 2015, the district executed the first bond issuance, Series A, for $19,000,000. A second issuance, Series B, was executed in February 2018 for $15,000,000. Series B will fund projects approved by the board of trustees to take place through the 2020-21 academic year. Series A of the bond allowed for the prepayment of the outstanding $1,395,000 in lease revenue bonds in 2016-17 that were used to construct the Library building. Paying down the bonds has freed up approximately $140,000 annually from the general fund that would have been used to pay the principal and interest on these bonds. Additionally, funds that would have been necessary to pay for the maintenance and repair of aging facilities will be freed up for other purposes. The modernization of the facilities will also result in significant savings in utility expenses as inefficient boilers and electrical systems are replaced with more energy efficient equipment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Lake Tahoe Community College District, Russi Egan, Vice President of Administrative Services of Lake Tahoe Community College egan@ ltcc.edu or (530)541-4660.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2020

ASSETS	
Current Assets:	
Cash and investments	$ 16,014,862
Accounts receivable, net	4,545,046
Prepaid expenses	1,078
Other current assets	25,813
Total Current Assets	20,586,799
Noncurrent Assets:	
Capital assets, net	49,587,008
Total Noncurrent Assets	49,587,008
TOTAL ASSETS	70,173,807
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to bond refundings	120,811
Deferred outflows related to OPEB	421,283
Deferred outflows related to pensions	4,353,206
TOAL DEFERRED OUTFLOWS OF RESOURCES	4,895,300
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 75,069,107
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 1,913,850
Unearned revenue	2,796,149
Due to fiduciary funds	186,649
Long-term debt, current portion	630,304
Total Current Liabilities	5,526,952
Noncurrent Liabilities:	
Compensated absences	615,260
Net OPEB liability	875,083
Net pension liability	16,817,401
Long-term debt, non-current portion	30,524,119
Total Noncurrent Liabilities	48,831,863
TOTAL LIABILITIES	54,358,815
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	1,895
Deferred inflows related to pensions	1,349,568
TOTAL DEFERRED INFLOWS OF RESOURCES	1,351,463
NET POSITION	
Net investment in capital assets	27,592,629
Restricted for:	
Debt service	1,270,293
Capital projects	2,096,085
Other special purposes	188,015
Unrestricted	(11,788,193)
TOTAL NET POSITION	19,358,829
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 75,069,107

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES	
Tuition and fees	$ 3,343,881
Less: Scholarship discounts and allowances	(1,129,410)
Net tuition and fees	2,214,471
Grants and contracts, non-capital	
Federal	3,505,122
State	6,044,073
Local	737,560
TOTAL OPERATING REVENUES	12,501,226
OPERATING EXPENSES	
Salaries	12,665,467
Employee benefits	5,915,660
Supplies, materials, and other operating expenses and services	6,830,940
Student aid	2,453,659
Depreciation	2,401,368
TOTAL OPERATING EXPENSES	30,267,094
OPERATING INCOME (LOSS)	(17,765,868)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	10,947,120
Local property taxes	4,828,284
State taxes and other revenues	48,679
Investment income, non-capital	68,413
Investment income, capital	236,207
Interest expense on capital asset-related debt	(1,242,812)
Transfers to fiduciary funds	(175,874)
TOTAL NON-OPERATING REVENUES (EXPENSES)	14,710,017
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(3,055,851)
State revenues, capital	632,643
Local property taxes and other revenues, capital	1,840,027
TOTAL OTHER REVENUES	2,472,670
CHANGE IN NET POSITION	(583,181)
NET POSITION, BEGINNING OF YEAR	19,942,010
NET POSITION, END OF YEAR	$ 19,358,829

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,103,947
Grants and contracts	9,356,506
Payments to students	(2,453,659)
Payments to vendors	(7,141,905)
Payments to employees	(17,965,285)
Other operating receipts (payments)	737,560
Net Cash Used by Operating Activities	(15,362,836)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	10,195,913
Local property taxes	4,828,284
State taxes and other apportionments	48,679
Contributions to trusts	(165,098)
Net Cash Provided by Non-capital Financing Activities	14,907,778
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	632,643
Purchase of capital assets	(3,524,067)
Local property taxes for capital purposes	1,840,027
Principal paid on capital debt	(628,806)
Interest received on capital debt	236,207
Interest paid on capital debt	(755,796)
Net Cash Used by Capital Financing Activities	(2,199,792)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	68,413
Net Cash Provided by Investing Activities	68,413
NET DECREASE IN CASH & CASH EQUIVALENTS	(2,586,437)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	18,601,299
CASH & CASH EQUIVALENTS, END OF YEAR	$ 16,014,862

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(17,765,868)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		2,401,368
Changes in Assets and Liabilities:		
Accounts receivables, net		(731,500)
Prepaid expenses		26,603
Other current assets		126,507
Deferred outflows of resources		(27,552)
Accounts payable and accrued liabilities		(335,763)
Unearned revenue		299,975
Compensated absences		199,996
Net pension liability		1,156,659
Net OPEB liability		(100,235)
Deferred inflows of resources		(613,026)
Total Adjustments		2,403,032
Net Cash Flows From Operating Activities	$	(15,362,836)
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Amortization of premiums on debt	$	36,372
On-behalf payments for benefits	$	513,171
Board of Governors fee waviers	$	1,129,410

The accompanying notes are an integral part of these financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Retiree OPEB Trust	Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	$ 1,451,613	$ 12,523	$ 16,450
Accounts receivable, net	-	500	-
Due from other funds	175,874	10,775	-
Total Assets	1,627,487	23,798	16,450
LIABILITIES			
Due to student groups	-	-	16,450
Total Liabilities	-	-	16,450
NET POSITION			
Unreserved	1,627,487	23,798	-
Total Net Position and Liabilities	$ 1,627,487	$ 23,798	$ 16,450

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Retiree OPEB Trust	Trust Funds
OPERATING REVENUES:		
Student fees	$ -	$ 37,029
Interest and investment income	58,081	229
Total Operating Revenues	58,081	37,258
OPERATING EXPENSES:		
Other operating expenses	2,324	31,942
Total Operating Expenses	2,324	31,942
OTHER FINANCING SOURCES		
Operating transfers in	175,874	-
Total Other Financing Sources	175,874	-
Net Change in Net Position	231,631	5,316
Net Position - Beginning of Year	1,395,856	18,482
Net Position - End of Year	$ 1,627,487	$ 23,798

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS		
Current Assets		
Cash and cash equivalents	$	713,527
Accounts receivable		14,314
Other current assets		6,876
Total Current Assets		734,717
Noncurrent Assets		
Investments		3,034,665
TOTAL ASSETS	$	3,769,382
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	155,557
Deferred revenue		50,700
Total Current Liabilities		206,257
TOTAL LIABILITIES		206,257
NET ASSETS		
Without donor restrictions		524,347
With donor restrictions		3,038,778
TOTAL NET ASSETS		3,563,125
TOTAL LIABILITIES AND NET ASSETS	$	3,769,382

The accompanying notes are an integral part of these financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES			
Donations	$ 208,971	$ 1,266,574	$ 1,475,545
Special events, net	104,036	14,500	118,536
Interest and dividends, net	17,721	61,923	79,644
Assets released from restrictions	288,150	(288,150)	-
Total Revenues	618,878	1,054,847	1,673,725
EXPENSES			
Operating expenses	161,525	-	161,525
Program expenses	355,562	-	355,562
Fundraising expenses	40,300	-	40,300
Total Expenses	557,387	-	557,387
CHANGE IN NET ASSETS	61,491	1,054,847	1,116,338
NET ASSETS, BEGINNING OF YEAR	1,416,617	968,137	2,384,754
Reclassification	(953,761)	1,015,794	62,033
NET ASSETS, END OF YEAR	$ 524,347	$ 3,038,778	$ 3,563,125

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOW FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,116,338
Adjustments to Reconcile Change in Net Assets	
To Net Cash Used by Operating Activities	
Unrealized gain	67,871
Change in Assets and Liabilities	
Accounts receivable	1,992
Other current assets	1,688
Accounts payable	121,871
Deferred revenues	(2,825)
Net Cash Flows From Operating Activities	1,306,935
CASH FLOW FROM INVESTING ACTIVITIES	
Net changes from sales and maturities of investments	(1,160,758)
Net Cash Flows From Investing Activities	(1,160,758)
NET CHANGE IN CASH AND CASH EQUIVALENTS	146,177
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	567,350
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 713,527

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION

Lake Tahoe Community College District (the District) was established in 1974 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the general fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college located within El Dorado County, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- Lake Tahoe College Foundation

  The Lake Tahoe College Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Reporting Entity, continued

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at One College Drive, South Lake Tahoe, CA 96150.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office Budget and Accounting Manual. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intraagency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The District 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 District 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, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2020, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The allowance was estimated at $29,499 for the year ended June 30, 2020.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 10 years; vehicles and most equipment, 8 years, and technology equipment 3 years.

Accrued Liabilities and Long-Term Obligations

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 or expenditure until then. The District reports deferred outflows of resources for the current year pension and OPEB contributions. The district reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

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 entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, banked leave, capital lease obligations pension and OPEB obligations with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. Net Position are classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

> **Net of investment in Capital Assets:** consists of Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.
>
> Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resourced when an expense is incurred for purposed for which both restricted and unrestricted resources are available.
>
> **Unrestricted:** Net Position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $5,952,416 of restricted net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

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

Scholarships, Discounts, and Allowances

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

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

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to CalSTRS and CalPERS on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on-behalf payments within the funds and accounts of a district. The amount of the on-behalf payments made for the District for the year ended June 30, 2020, was $513,171 for CalSTRS. There were no contributions during 2019-20 for CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

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

Interfund Activity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foundation Financial Statement Presentation

The Lake Tahoe College Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to two classes of Net Assets: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions. As permitted by the codification, the Foundation does not use fund accounting.

> **Net Assets Without Donor Restrictions:** Net assets available for use in general operations and not subject to donor (or specific) restrictions.
>
> **Net Assets With Donor Restrictions:** Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the Net Asset Without Donor Restrictions classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in Net Assets Without Donor Restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases to Net Assets Without Donor Restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures.*

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

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

GASB Statement No. 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. The Statement is effective for periods beginning after December 15, 2018.

GASB 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. The Statement is effective for periods beginning after December 15, 2019.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

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 of the Primary Government as of June 30, 2020, consist of the following:

Primary Government	
Cash on hand and in banks	$ 1,169,290
Cash in revolving	4,251
Investments	14,841,321
Total Deposits and Investments	$ 16,014,862

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

Fiduciary Funds	
Cash on hand and in banks	$ 24,265
Investments	1,456,321
Total Deposits and Investments	$ 1,480,586

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk

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

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Days to Maturity
Money market master trust	$ 1,453,784	Not applicable
County Investment Pool	6,210,834	386 days
State Investment Pool	8,633,024	191 days
Total	$ 16,297,642	

Credit Risk

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

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. 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, approximately $939,643 of the District's bank balance of $1,169,290 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the El Dorado County Treasury Investment Pool and the Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Money market master trust	$ 1,453,784	$ -	$ 1,453,784	$ -	$ -
County Investment Pool	6,210,834	-	-	-	6,210,834
State Investment Pool	8,633,024	-	-	-	8,633,024
Total	$ 16,297,642	$ -	$ 1,453,784	$ -	$ 14,843,858

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

NOTE 5 - ACCOUNTS RECEIVABLE

Primary Government

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical Aid	$ 909,275
State Government	
Categorical Aid	278,404
Lottery	198,362
Apportionment	751,207
Local Sources	
Student Receivables	351,856
Other Local Sources	2,055,942
Total	$ 4,545,046

Bad debt allowance is booked quarterly and based on Student Payment Plan balances at the end of each respective quarter. A table is provided below for actual calculation percentages and methodologies.

Allowance calculation parameters:

- 10% allowance for balances 3 – 5 Quarters old
- 30% allowance for balances 6 – 8 Quarters old
- 70% allowance for balances 9 – 11 Quarters old
- 100% allowance for balances 12 Quarters old

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 1,120,983	$ -	$ -	$ 1,120,983
Collections	145,000	-	-	145,000
Construction in progress	7,353,962	3,525,586	4,600,338	6,279,210
Total Capital Assets Not Being Depreciated	8,619,945	3,525,586	4,600,338	7,545,193
Capital Assets Being Depreciated				
Land improvements	8,067,927	2,740,692	-	10,808,619
Building improvements	6,367,762	997,310	-	7,365,072
Buildings	44,319,874	590,090	-	44,909,964
Equipment	4,608,825	270,727	-	4,879,552
Total Capital Assets Being Depreciated	63,364,388	4,598,819	-	67,963,207
Total Capital Assets	71,984,333	8,124,405	4,600,338	75,508,400
Less Accumulated Depreciation				
Land improvements	1,502,045	802,268	-	2,304,313
Building improvements	1,356,817	657,127	-	2,013,944
Buildings	16,573,952	834,111	-	17,408,063
Equipment	4,087,210	107,862	-	4,195,072
Total Accumulated Depreciation	23,520,024	2,401,368	-	25,921,392
Net Capital Assets	$ 48,464,309	$ 5,723,037	$ 4,600,338	$ 49,587,008

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Construction	1,922
Interest payable	518,747
Accrued payroll and related liabilities	353,756
Other	1,039,425
Total	$ 1,913,850

NOTE 8 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
State Categorical Aid	$ 2,398,022
Enrollment Fees	342,730
Other Local	55,397
Total unearned revenue	$ 2,796,149

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the amount owed between the primary government and the fiduciary funds was $186,649.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2020 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $175,874.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2020 fiscal year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	$ 30,805,000	$ -	$ 620,000	$ 30,185,000	$ 585,000
Premiums, net	989,047	-	36,372	952,675	36,372
Total Bonds	31,794,047	-	656,372	31,137,675	621,372
Other Long-Term Liabilities					
Compensated absences	388,642	157,217	-	545,859	-
Capital Leases	25,554	-	8,806	16,748	8,932
Banked Faculty Load	26,622	42,779	-	69,401	-
Total Other Long-Term Liabilities	440,818	199,996	8,806	632,008	8,932
Total Long-Term Obligations	$ 32,234,865	$ 199,996	$ 665,178	$ 31,769,683	$ 630,304

Description of Debt

Payments on the general obligation bonds are paid by the Bond Interest and Redemption Fund. The capital leases are paid by the General Fund. The compensated absences, banked faculty load, other post employment benefits and pension liabilities will be paid by the fund for which the employee worked.

The 2014 Series A general obligation bonds lease revenue bonds were issued on August 5, 2016 in the amount of $19,000,000 to finance the capital outlay projects. At June 30, 2020, $15,705,000 of the bonds were outstanding. The general obligations bonds mature through August 2045. Interest rates range from 2.00 - 5.00 percent.

The 2014 Series B general obligation bonds lease revenue bonds were issued on February 13, 2018 in the amount of $15,000,000 to finance the capital outlay projects. At June 30, 2020, $14,480,000 of the bonds were outstanding. The general obligations bonds mature through August 2049. Interest rates range from 4.00 - 5.00 percent.

The District has utilized capital leases agreements to purchase equipment. The current lease purchase agreements in the amount will be paid through June 2022.

NOTE 10 - LONG-TERM OBLIGATIONS, continued

Debt Maturity

General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2021	$ 585,000	$ 1,231,369	$ 1,816,369
2022	105,000	1,215,644	1,320,644
2023	110,000	1,211,344	1,321,344
2024	115,000	1,206,844	1,321,844
2025	125,000	1,202,044	1,327,044
2026-2030	1,275,000	5,902,137	7,177,137
2031-2035	3,055,000	5,434,781	8,489,781
2036-2040	5,630,000	4,421,441	10,051,441
2041-2045	8,965,000	2,947,463	11,912,463
2046-2049	10,220,000	854,788	11,074,788
Total	$ 30,185,000	$ 25,627,855	$ 55,812,855

Compensated Absences

At June 30, 2020, the liability for compensated absences was $545,859.

Capital Leases

The District has entered into various capital lease arrangements for equipment:

	Copiers
Balance, July 1, 2019	$ 25,554
Additions	-
Payments	(8,806)
Balance, June 30, 2020	$ 16,748

Amortization of the equipment under capital lease is included with depreciation expense.

The District's liability on lease agreements with option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2021	$ 9,611
2022	8,009
Total	17,620
Less: Amount Representing Interest	872
Present Value of Minimum Lease Payments	$ 16,748

NOTE 10 - LONG-TERM OBLIGATIONS, continued

Banked Faculty Load

The District calculated the total long-term portion of banked faculty load as of June 30, 2020 at $69,401. The unfunded faculty banked leave is included in the entity-wide statements.

NOTE 11 – POSTEMPLOYMENT BENEFITS

Other Postemployment Benefit Plan Liability

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	$ 875,083	$ 421,283	$ 1,895	$ 41,241

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the U.S. Bank.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	7
Active Employees	104
	111

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

Retiree Health Benefit OPEB Trust

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

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Faculty and Classified bargaining unions (CCA/CTA/NEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and its bargaining units. For fiscal year 2019-2020, the District contributed $175,874 to the Plan.

Investment

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	29%	7.8%
US Small Cap	13%	7.8%
All Foreign Stock	9%	7.8%
Other Fixed Income	49%	3.3%
Total	100%	

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

Concentration

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2019, investments in a master trust represents 100 percent of the total investment.

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 7.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivable

The OPEB Plan reported receivables from long-term contracts with the District for contributions. The contribution receivable as of June 30, 2020 was $175,874.

Net OPEB Liability of the District

The District's net OPEB liability of $875,083 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$	2,094,782
Plan fiduciary net position		1,219,699
District's net OPEB liability	$	875,083
Plan fiduciary net position as a percentage of the total OPEB liability		58%

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

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

The actual assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 6 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2018	$ 1,750,835	$ 775,517	$ 975,318
Changes for the year:			
Service cost	117,224	-	117,224
Interest	104,201	-	104,201
Employer contributions	-	533,055	(533,055)
Experience gains/losses	139,400	-	139,400
Changes of assumptions	128,659	-	128,659
Expected Investment income	-	58,123	(58,123)
Investment gains/losses	-	(328)	328
Administrative expense	-	(1,131)	1,131
Expected benefit payments	(145,537)	(145,537)	-
Net change	343,947	444,182	(100,235)
Balance June 30, 2019	$ 2,094,782	$ 1,219,699	$ 875,083

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

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

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

	Discount Rate 1% Lower (5.0%)	Current Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability	$ 1,016,150	$ 875,083	$ 743,833

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

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

	Trend Rate 1% Lower (3.0%)	Current Trend Rate (4.0%)	Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ 679,158	$ 875,083	$ 1,101,396

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

For the year ended June 30, 2020, the District recognized OPEB expense of $41,241. At June 30, 2020, the District reported deferred outflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 262	$ 1,895
Differences between expected and actual experience	127,485	-
Change in assumptions	117,662	-
District contributions subsequent to the measurement date	175,874	-
	$ 421,283	$ 1,895

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to OPEB will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 22,345
2022	22,345
2023	22,349
2024	22,976
2025	22,912
Thereafter	130,587
	$ 243,514

NOTE 12 - LEASE REVENUES

The District owns land leased to the U.S. Forest Service on a long-term 50-year lease. The agreement contains a termination clause providing for cancellation after a specified number of days written notice by the lesser or lessee, but is not anticipated that the lease will be canceled prior to its expiration date. The land was originally purchased for $779,241 and a portion of that land is leased to the U.S. Forest Service and on which the U.S. Forest Service has built an office building. Annual lease payments are adjusted each year based upon a percentage of change in the cost of living index. Total lease payments received for the year ending June 30, 2020 amounted to $88,537.

NOTE 13 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Powers Authority Risk Pools

During the fiscal year ended June 30, 2020, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance and with Protected Insurance Program for Schools and Community Colleges for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Protected Insurance Program for Schools & Community Colleges	Workers' Compensation	$ 1,000,000
Statewide Assocaite of Community Colleges	Property and Liability	$ 250,000,000

Employee Medical Benefits

The District has contracted with Tri-County School Insurance Group Joint Powers Agency to provide employee medical benefits. Rates are set through an annual calculation process.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2020, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 6,743,258	$ 1,749,107	$ 1,225,264	$ 500,583
CalPERS	10,074,143	2,604,099	124,304	1,868,758
Total	$ 16,817,401	$ 4,353,206	$ 1,349,568	$ 2,369,341

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $766,479.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

District's proportionate share of the net pension liability	$	6,743,258
State's proportionate share of the net pension liability associated with the District		3,678,928
Total	$	10,422,186

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018 was 0.0075 percent and 0.0074 percent, respectively, resulting in a net increase in the proportionate share of 0.0001 percent. For the year ended June 30, 2020, the District recognized pension expense of $500,583. In addition, the District recognized pension expense and revenue of $100,654 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 259,693
Differences between expected and actual experience	17,024	189,888
Changes in assumptions	852,780	-
Net changes in proportionate share of net pension liability	112,824	775,683
District contributions subsequent to the measurement date	766,479	-
Total	$ 1,749,107	$ 1,225,264

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (193,432)
2022	(373,504)
2023	124,279
2024	240,424
2025	(20,703)
Thereafter	(19,700)
	$ (242,636)

Actuarial Methods and Assumptions

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

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

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 10,041,270	$ 6,743,258	$ 4,008,579

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit, Safety] provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	19.721%	19.721%

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $1,052,383.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $10,074,143. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018 was 0.0346 percent and 0.0334 percent, respectively, resulting in a net increase in the proportionate share of 0.0012 percent.

For the year ended June 30, 2020, the District recognized pension expense of $1,868,758. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 93,440
Differences between expected and actual experience	731,787	-
Changes in assumptions	479,561	-
Net changes in proportionate share of net pension liability	340,368	30,864
District contributions subsequent to the measurement date	1,052,383	-
Total	$ 2,604,099	$ 124,304

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 937,760
2022	213,551
2023	186,287
2024	89,814
	$ 1,427,412

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 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, 2011
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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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 School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 14,521,215	$ 10,074,143	$ 6,384,990

Tax Deferred Annuity

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the APPLE as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions, in addition to contributions from Senate Bill 90, to CalSTRS for the fiscal years ended June 30, 2020, 2019, and 2018, which amounted to $513,171, $616,479, and $342,357, respectively. There were no contributions for CalPERS for the year ended June 30, 2020. Contributions for CalPERS related to Senate Bill 90 and totaled $302,026 for the year ended June 30, 2019. No contributions were made for CalPERS for the years ended June 30, 2018. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges, the Tri-County School Insurance Group Joint Powers Authority, Protected Insurance Program for Schools and Community Colleges, and the South Bay Regional Public Safety JPAs. The District pays annual premiums for its property liability, health, and workers' compensation coverage and for providing public safety training. The relationship between the District and the JPAs is such that it they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2020, the District made payments of $111,887 to the Statewide Association of Community Colleges, $2,110,288 to the Tri-County School Insurance Group, $183,217 to Protected Insurance Program for Schools and Community Colleges, and $902,989 to South Bay Regional Public Safety.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

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

Accreditation

The District maintains its accreditation by fulfilling criteria that is determined by the Accrediting Commission of Community and Junior Colleges (ACCJC). Throughout its continuous six-year review cycle, the College conducts and publishes several review instruments, including an annual report, annual fiscal report, midterm report, comprehensive institutional self-study, and an evaluation review by a team of peers. The District underwent a comprehensive review and site visit through ACCJC in October 2017. Based on the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, review of LTCC's Institutional Self Evaluation Report (ISER) and the External Evaluation Team Report prepared by the peer review team, LTCC's accreditation was reaffirmed for seven years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES, continued

Financial Condition

The District receives funding based on full-time equivalent students (FTES). District wide there were slightly fewer FTES in fiscal year 2019-20, however, it did grow in a few areas that will affect future funding. Restoration of FTES has changed with the implementation of the new Student Centered Funding Formula (SCFF) as the new formula uses a rolling three year average with a hold harmless clause that protects districts from the uncertainty of enrollments. A rolling three-year average ensures reductions in enrollments are less impactful to the funding of a District and the hold harmless ensures a District receives no less than the prior's funding.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects.

CAPITAL PROJECT	Remaining Construction Commitment
Early Learning Center	$ 4,728,503
Remodeling for Efficiency and Science Modernization	397,209
Greenway Bike Trail	650,000
Demonstration Garden Upgrades	757
Mobility Hub	40,577
Bond Planning - Timberland Conversion Plan	8,600
Bond Planning - Design Standards	5,312
Total	$ 5,830,958

REQUIRED SUPPLEMENTARY INFORMATION

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	$ 117,224	$ 114,087	$ 111,034
Interest	104,201	100,666	97,908
Experience gains/losses	139,400	-	-
Changes of assumptions	128,659	-	-
Benefit payments	(145,537)	(169,288)	(162,777)
Net change in total OPEB liability	343,947	45,465	46,165
Total OPEB liability, beginning of year	1,750,835	1,705,370	1,659,205
Total OPEB liability, end of year (a)	$ 2,094,782	$ 1,750,835	$ 1,705,370
Plan fiduciary net position			
Employer contributions	$ 533,055	$ 346,285	$ 339,774
Investment income	58,123	38,745	44,374
Investment gains/losses	(328)	3,161	-
Administrative expense	(1,131)	(499)	(500)
Expected benefit payments	(145,537)	(169,288)	(162,777)
Other	-	(385)	-
Change in plan fiduciary net position	444,182	218,019	220,871
Fiduciary trust net position, beginning of year	775,517	557,498	336,627
Fiduciary trust net position, end of year (b)	$ 1,219,699	$ 775,517	$ 557,498
Net OPEB liability, ending (a) - (b)	$ 875,083	$ 975,318	$ 1,147,872
Covered payroll	$ 7,127,368	$ 6,734,675	$ 6,734,675
Plan fiduciary net position as a percentage of the total OPEB liability	58%	44%	33%
Net OPEB liability as a percentage of covered payroll	12%	14%	17%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Actuarially determined contribution	$ 136,587	$ 145,537	$ 169,288
Contributions in relations to the actuarially determined contribution	175,874	387,518	712,898
Contribution deficiency (excess)	$ (39,287)	$ (241,981)	$ (543,610)
Covered-employee payroll	$ 7,127,368	$ 6,734,675	$ 6,734,675
Contribution as a percentage of covered-employee payroll	2.47%	5.75%	10.59%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

CalSTRS	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.0075%	0.0073%	0.0077%	0.0084%	0.0097%	0.0100%
District's proportionate share of the net pension liability	$ 6,743,258	$ 6,753,681	$ 7,116,278	$ 6,816,412	$ 6,551,557	$ 5,839,258
State's proportionate share of the net pension liability associated with the District	3,678,928	3,866,984	4,209,930	3,880,462	3,465,051	3,525,996
Total	$ 10,422,186	$ 10,620,665	$ 11,326,208	$ 10,696,874	$ 10,016,608	$ 9,365,254
District's covered - employee payroll	$ 4,283,415	$ 4,175,990	$ 4,082,194	$ 4,183,057	$ 4,073,148	$ 4,199,918
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	157%	162%	174%	163%	161%	139%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%

CalPERS	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.0346%	0.0334%	0.0323%	0.0306%	0.0298%	0.0303%
District's proportionate share of the net pension liability	$ 10,074,143	$ 8,907,061	$ 7,719,597	$ 6,050,143	$ 4,397,275	$ 3,443,400
District's covered - employee payroll	$ 4,798,710	$ 4,477,884	$ 4,129,676	$ 3,660,685	$ 3,265,298	$ 3,183,160
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	210%	199%	187%	165%	135%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020

	Reporting Fiscal Year					
CalSTRS	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 766,479	$ 697,340	$ 613,742	$ 538,502	$ 422,035	$ 367,178
District's contributions in relation to the statutorily required contribution	766,479	697,340	613,742	538,502	422,035	367,178
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,482,333	$ 4,283,415	$ 4,175,990	$ 4,082,194	$ 4,183,057	$ 4,073,148
District's contributions as a percentage of covered-employee payroll	17%	16%	15%	13%	10%	9%

	Reporting Fiscal Year					
CalPERS	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,052,383	$ 866,743	$ 705,000	$ 557,038	$ 426,730	$ 364,323
District's contributions in relation to the statutorily required contribution	1,052,383	866,743	705,000	557,038	426,730	364,323
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,336,357	$ 4,798,710	$ 4,477,884	$ 4,129,676	$ 3,660,685	$ 3,265,298
District's contributions as a percentage of covered-employee payroll	20%	18%	16%	13%	12%	11%

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

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Proportionate Share of the Net Pension Liability

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

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

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

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

Lake Tahoe Community College District was established by the voters on March 5, 1974, opened its doors on September 18, 1975; and serves an area of approximately 196 square miles located in El Dorado County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Nancy Dalton	President	December 2020
Dr. Karen Borgess	Clerk	December 2020
Jeff Cowen	Member	December 2022
Kerry David	Member	December 2020
Tony Sears	Member	December 2022
Jenny Martinez	Student Trustee	June 2020

DISTRICT ADMINISTRATION

Jeff DeFranco
President/Superintendent

Russi Egan
Vice President of Administrative Services

Michelle Risdon, Ph. D.
Vice President of Academic Affairs

Ali Bissonnette
Dean of Instruction

Brad Deeds
Dean of Workforce Development and Instruction

Jonathan King
Vice President of Student Services

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Direct Programs:		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	$ 62,679
Federal Work Study (FWS)	84.033	43,405
Federal Pell Grants (PELL)	84.063	1,862,446
Federal Direct Student Loans	84.268	224,521
Subtotal Financial Aid Programs		2,193,051
TRIO Cluster:		
TRIO - Talent Search Program	84.044	290,906
TRIO - Upward Bound Program	84.047	251,720
Subtotal TRIO Cluster		542,626
Higher Education Emergency Relief Funds:		
CARES Act - Student Aid	84.425E	50,500
CARES Act - Institutional	84.425F	33,225
CARES Act - Minority Serving Institute	84.425L	23,215
CARES Act - FIPSE	84.425N	115,901
Total Higher Education Emergency Relief Funds		222,841
Title III - Strengthening Institutions	84.031A	261,898
Child Development - CCAMPIS	84.335A	3,727
Passed through the California Community Colleges Chancellor's Office:		
Perkins IV Programs:		
Carl D. Perkins Career and Technical Education (CTE) Act		
CTE - Title I, Part C (Perkins IV)	84.048A	80,391
Career Technical Education Transitions (CTE Transitions)	84.048A	46,738
Subtotal Perkins Program		127,129
Total U.S. Department of Education		3,351,272
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the California Community Colleges Chancellor's Office:		
Temporary Assistance for Needy Families (TANF)	93.558	27,215
Total U.S. Department of Health and Human Services		27,215
U.S. DEPARTMENT OF AGRICULTURE		
Passed through California Department of Education:		
Forest Reserve	10.665	36,528
Passed through California Community Colleges Chacnellor's Office		
Child and Adult Care Food Program	10.558	12,383
Total U.S. Department of Agriculture		48,911
U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE		
Direct Programs:		
National Service Award Scholarships	94.006	34,017
Total U.S. Department of National and Community Service		34,017
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Direct Programs:		
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	766
Total U.S. Department of Veteran Affairs		766
Total Federal Programs		$ 3,462,181

See accompanying note to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

	Program Entitlements			Program Revenues				
	Current Year	Prior Year /Adjustments	Total Entitlements	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenues	Program Expenditures
AB86 - Adult Education	$ 1,061,901	$ 355,401	$ 1,417,302	$ 1,330,719	$ -	$ 362,022	$ 968,697	$ 968,697
BFAP	123,482	-	123,482	123,482	-	114	123,368	123,368
California Promise	73,057	27,544	100,601	100,601	-	27,435	73,166	73,166
Cal Grant	82,791	9	82,800	83,056	-	-	83,056	79,263
California State Pre-School Program	33,300	-	33,300	60,900	-	-	60,900	60,900
CalWORKS	125,254	19,386	144,640	144,640	-	44,008	100,632	100,632
Campus Safety	-	12,100	12,100	12,100	-	12,100	-	-
Cooperative Agencies Resources for Education	42,433	101	42,534	42,534	-	3,786	38,748	38,748
Child Develop. Training Cons	3,750	179	3,929	2,259	-	-	2,259	2,080
Classified Professional Development	-	9,779	9,779	9,779	-	-	9,779	13,402
Comm College Completion Grant	-	500	500	500	-	-	500	-
CSPP Block Grant	-	-	-	7,600	-	-	7,600	3,043
CVC-OEI Grant	500,000	-	500,000	413,444	-	9,683	403,761	403,761
DHH	13,665	-	13,665	13,665	-	-	13,665	13,665
DOE State Block Grant - CCTR	126,419	278	126,697	110,297	-	-	110,297	110,297
DOE State Child Care Food Program	-	-	-		-	-	-	-
Disabled Student Programs & Services	233,861	90	233,951	233,861	-	34,429	199,432	199,432
Early Childhood Ed	1,000	-	1,000	1,000	-	-	1,000	-
Enrollment Fee Waiver Admin	23,271	-	23,271	23,271	-	-	23,271	23,271
Extended Opportunity Programs & Services	229,517	644	230,161	230,161	-	35,658	194,503	194,503
Equal Employment Opportunity (AB1725)	50,000	6,310	56,310	56,310	-	16,845	39,465	39,465
ETS Instrucitonal Supplies	-	1,523	1,523	1,523	-	1,523	-	-
Financial Aid Technology	42,922	127,082	170,004	170,004	-	72,704	97,300	97,300
Foster and Kinship Care	125,119	-	125,119	107,912	20,309	1,356	126,865	126,865
Full Time Student Success Grant	-	5	5	5	-	-	5	-
Guided Pathways	125,000	248,304	373,304	373,304	-	318,999	54,305	54,305
High 5 For Quality Grant	-	-	-		-	-	-	-
Hunger Free Campus	10,557	6,932	17,489	17,489	-	-	17,489	14,816
Institutional Effect Planning Initiative	75,000	-	75,000	75,000	-	55,475	19,525	19,525
Instructional Equipment/Materials Grant	23,033	131,967	155,000	154,988	-	99,140	55,848	55,848
International Grant	-	3,697	3,697	3,697	-	-	3,697	-
Lottery (Restricted)	90,698	139,554	230,252	140,731	96,930	117,907	119,754	119,754
Lottery (Unrestricted)	336,102	-	336,102	238,989	101,432	-	340,421	340,421
Mental Health	-	4,850	4,850	4,850	-	-	4,850	4,850
NFN Deputy Sector Navigator	200,000	6,197	206,197	284,750	-	23,791	260,959	260,959
Open Education Resources	-	34,046	34,046	34,046	-	3,377	30,669	30,669
Part-Time Faculty Compensation	91,253	-	91,253	91,253	-	-	91,253	91,253
Pre-Apprenticeship & OJT	-	232,681	232,681	-	233,095	-	233,095	266,514
Promise Scholars Program Replicaiton	75,000	17,085	92,085	142,085	-	140,301	1,784	1,784
P-T Faculty Office Hours	4,072	-	4,072	4,072	-	-	4,072	4,072
Rural Technology Grant	90,000	89,610	179,610	242,607	-	112,536	130,071	130,071
Scheduled Maintenance CARRYOVER	-	39,339	39,339	-	-	-	-	-
Self Employee in Gig & Adv	-	-	-	-	-	-	-	2,340
Strong Workforce (Local)	346,849	391,950	738,799	709,573	25,000	506,810	227,763	227,763
Strong Workforce Regional	271,287	121,838	393,125	485,838	-	308,244	177,594	180,571
Student Equity & Achievement	1,006,410	139,736	1,146,146	1,146,166	-	89,550	1,056,616	1,057,370
Student Success Completion	73,574	31,629	105,203	105,203	-	-	105,203	80,916
Veteran Resource Center	23,136	11,184	34,320	34,320	-	-	34,320	34,320
WIOA Title 1	68,000	-	68,000	74,810	-	229	74,581	74,581
Zero Textbook Cost Implementation Grant	-	671	671	-	-	-	-	-
Subtotal	$ 5,801,713	$ 2,212,201	$ 8,013,914	$ 7,643,394	$ 476,766	$ 2,398,022	$ 5,722,138	$ 5,724,560

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2020

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	9.95	-	9.95
2. Credit	208.57	-	208.57
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	407.56	-	407.56
(b) Daily Census Contact Hours	14.17	-	14.17
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	73.17	-	73.17
(b) Credit	400.52	-	400.52
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	377.44	-	377.44
(b) Daily Census Contact Hours	245.54	-	245.54
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	1,736.92	-	1,736.92
Supplemental Information (subset of above information)			
E. In-service Training Courses	130.31	-	130.31
F. Basic Skills Courses and Immigrant Education			
1. Credit	1.24	-	1.24
2. Noncredit	26.91	-	26.91
Total Basic Skills FTES	28.15	-	28.15

See accompanying note to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	2,315,715	-	2,315,715	2,315,715	-	2,315,715
Other	1300	1,633,789	-	1,633,789	1,633,789	-	1,633,789
Total Instructional Salaries		3,949,504	-	3,949,504	3,949,504	-	3,949,504
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	385,962	-	385,962
Other	1400	-	-	-	154,207	-	154,207
Total Non-Instructional Salaries		-	-	-	540,169	-	540,169
Total Academic Salaries		3,949,504	-	3,949,504	4,489,673	-	4,489,673
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	2,019,671	-	2,019,671
Other	2300	-	-	-	446,014	-	446,014
Total Non-Instructional Salaries		-	-	-	2,465,685	-	2,465,685
Instructional Aides							
Regular Status	2200	99,481	-	99,481	99,481	-	99,481
Other	2400	211,675	-	211,675	211,675	-	211,675
Total Instructional Aides		311,156	-	311,156	311,156	-	311,156
Total Classsified Salaries		311,156	-	311,156	2,776,841	-	2,776,841
Employee Benefits	3000	1,861,607	-	1,861,607	3,218,368	-	3,218,368
Supplies and Materials	4000	-	-	-	180,417	-	180,417
Other Operating Expenses	5000	736,184	-	736,184	3,025,110	-	3,025,110
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		6,858,451	-	6,858,451	13,690,409	-	13,690,409
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	19,596	-	19,596
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	172,509	-	172,509
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	340,421	-	340,421
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 532,526	$ -	$ 532,526
Total for ECS 84362, 50% Law		$ 6,858,451	$ -	$ 6,858,451	$ 13,157,883	$ -	$ 13,157,883
Percent of CEE (Instructional Salary Cost/Total CEE)		52.12%	0.00%	52.12%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 6,578,942	$ -	$ 6,578,942

EPA Revenue	$ 898,568

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 898,568	$ -	$ -	$ 898,568
Total		$ 898,568	$ -	$ -	$ 898,568

Below are adjustments to the Annual Financial and Budget Report (CCFS-311) that required reconciliation to the audited financial statements at June 30, 2020.

	Ending Fund Balance - June 30, 2020		
	CCFS-311	Audited	Difference
General Fund - Restricted	$ 2,577,979	$ 179,957	$ (2,398,022)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Total Fund Equity - District Funds Included in the Reporting Entity				
General fund	$	3,020,664		
Debt service fund		1,270,293		
Special revenue funds		3,476		
Capital project funds		11,120,513		
Enterprise funds		60,494		
Internal service funds		728,876		
Student financial aid fund		4,582	$	16,208,898
Assets recorded within the statements of net position not included in the fund financial statements:				
Capital assets	$	75,508,400		
Accumulated depreciation		(25,921,392)		49,587,008
Unmatured Interest				(518,747)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:				
Deferred outflows related to bond refundings				120,811
Deferred outflows related to OPEB				421,283
Deferred outflows related to pensions				4,353,206
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:				
General obligation bonds	$	30,185,000		
Bond premiums		952,675		
Compensated absences		545,859		
Other long-term liabilities		86,149		
Net OPEB liability		875,083		
Net pension liability		16,817,401		(49,462,167)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:				
Deferred inflows related to OPEB				(1,895)
Deferred inflows related to pensions				(1,349,568)
Net Position Reported Within the Statements of Net Position			$	19,358,829

NOTE 1 - PURPOSE OF SCHEDULES

District Organization
This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards
The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

Schedule of Workload Measures for State General Apportionment
(FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

NOTE 1 - PURPOSE OF SCHEDULES, continued

Proposition 30 Education Protection Account (EPA) Expenditure Report
This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

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

OTHER INDEPENDENT AUDITORS’ REPORTS

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

Board of Trustees
Lake Tahoe Community College District
South Lake Tahoe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of Lake Tahoe Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2021.

Internal Control Over Financial Reporting

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

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

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

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
February 25, 2021

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Lake Tahoe Community College District
South Lake Tahoe, California

Report on Compliance for Each Major Federal Program

We have audited Lake Tahoe Community College District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2020. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Programs

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

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
February 25, 2021

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Lake Tahoe Community College District
South Lake Tahoe, California

Report on State Compliance

We have audited Lake Tahoe Community College District's (the District) compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on Lake Tahoe Community College District's compliance with the requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Opinion on State Compliance

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

Procedures Performed

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

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

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
February 25, 2021

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings or questioned costs identified during 2019-20.

Section III – Federal Award Findings and Questioned Costs

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

There were no federal award findings or questioned costs identified during 2019-20.

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs identified during 2019-20.

FINDING #2019-001 – SPECIAL TESTS AND PROVISIONS – DIRECT LOANS

Criteria or Specific Requirement
The institution must notify the student, or parent, in writing of (1) the date and the amount of the disbursement; (2) the student's right, or the parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or returned to the Department of Education; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan (34 CFR section 668.165(a)(6)(i)). The institution must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.

Condition
Not all Direct Loan student files selected for testing contained evidence that the borrower's right to cancel letter was completed.

Questioned Costs – Not applicable

Context
Compliance with Uniform Guidance requirements (34 CFR section 668.165(a)(6)(i)).

Effect
If the District does not provide the student or parent with the borrower's right to cancel letter, the student or parent are not given the chance to cancel the loans.

Cause
While the District indicates that the borrower's right to cancel notification was completed, documentation to ensure it was completed no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution was not available.

Recommendation
The District should continue with its revised communication that is in place during 2019-20. Per our review of that policy it meets the requirements as described above and should ensure full compliance in 2019-20.

Management's Response and Corrective Action Plan

- The student or parent borrower will be sent a "right to cancel" email notice from Financial Aid within 30 days after disbursement, and evidence of the letter will be retained in the student's file.

- By Winter 2020 quarter, automatic communication will be built into PCEX in Colleague and run as part of the disbursement process, so that students receive this notification right away. Evidence of this email will be recorded in IRQ in Colleague.

Current Status
Implemented in 2019-20.

FINDING #2019-002 – SPECIAL TESTS AND PROVISIONS – VERIFICATION

Criteria or Specific Requirement
An institution must establish and use written policies and procedures for verifying an applicant's information (34 CFR 668.53). If an institution does not have reason to believe that an applicant's information is inaccurate prior to verification, the institution may only make one disbursement prior to the verification (34 CFR 668.58).

Condition
During our testing of verifications, documentation to support the completed verification was not available for 2 out of the 40 students selected.

Questioned Costs – Not applicable

Context
Compliance with Uniform Guidance requirements (34 CFR 668.58).

Effect
Evidence of proper completed verification was not on file and available for review. Per interview with staff in the financial aid the verifications were completed but documentation was not maintained in two cases.

Cause
Clerical oversight.

Recommendation
The District should continue with its revised verification process that is in place during 2019-20. Per our review of the current updated procedures, it meets the requirements as described above and should ensure full compliance in 2019-20.

Management's Response and Corrective Action Plan

- Written verification policy will be updated in the Financial Aid Handbook

Verification training procedures with Colleague screen shots will be created and made available to all Financial Aid staff.

Current Status
Implemented in 2019-20.

FINDING #2019-003 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM)

Criteria
The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition
During our testing of state general apportionment funding system, we noted that two (2) out of 40 courses tested did not properly total the number of hours of attendance. Therefore, the hours certified by the instructor did not agree to the roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs
We identified two courses with roster support that did not agree to hours claimed on the CCFS-320. We extrapolated the net overstatement for our audit testing of 1.33 hours to be a 0.03% error rate which equated to less than 1 non-credit actual hours FTES. Total questioned costs was zero.

Cause
Clerical error as instructor left the District prior to submission of the support for hours noted above.

Effect
Non-compliance with state general apportionment funding requirements.

Recommendation
We recommend that the District reconcile actual hours reported to the hours supported by physical instructor rosters.

Corrective Action Plan
The District agrees with the finding and believes this to be an isolated incident. The District has implemented new internal review procedures to ensure any variances are identified and detected prior to submission including tasking the Dual Enrollment Coordinator with tracking and follow up with oversight by the Dean of Workforce Development and Instruction.

Current Status
Implemented in 2019-20.