

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
South Lake Tahoe, California

FINANCIAL STATEMENTS
June 30, 2012

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2012

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LAKE TAHOE COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Lake Tahoe Community College District (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Lake Tahoe Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the net assets of the business-type activities and the discretely presented component unit of Lake Tahoe Community College District as of June 30, 2012, and the results of its operations, changes in net assets and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on page 3 and the Required Supplementary Information, such as the Schedule of Postemployment Benefits (OPEB) Funding Progress on page 42, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing 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 financial statements, and other knowledge we obtained during our audit of the 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.

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise Lake Tahoe Community College District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplemental information listed in the table of contents, except for the Combining Statement of Net Assets by Fund and the Combining Statement of Revenues, Expenses and Change in Net Assets by Fund, have been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplemental information listed in the table of contents, except for the Combining Statement of Net Assets by Fund and the Combining Statement of Revenues, Expenses and Change in Net Assets by Fund, are fairly stated, in all material respects, in relation to the financial statements as a whole. The Combining Statement of Net Assets by Fund and the Combining Statement of Revenues, Expenses and Change in Net Assets by Fund have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.


Crowe Horwath LLP

Sacramento, California
December 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

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 fiscal year ended June 30, 2012. 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 22.

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

Financial Highlights

The following bullet points include the financial highlights for FY 2011-12:

- The 2012/13 State Budget Act (AB 1464) was adopted on June 15, 2012. AB 1464 incorporates funding cuts if state revenues fail to meet projections. The approval of a temporary tax increase through Proposition 30 occurred in November to balance the overall budget. The successful passage of the proposition will allow for the increase of Proposition 98 funding by \$2.9 million which helps the K-14 systems. More importantly, there is no projected workload reduction to the community college systems in the 2012/13 fiscal year.
- The Board of Trustees designated contingency reserve was increased from 7% in 2011/12 to 10% in 2012/13 of budgeted unrestricted expenditures to \$1,376,494. All other additional contingency reserves for operating expenses from the previous fiscal year were exhausted. Restricted reserves of \$301,194 will be re-designated from Bookstore Reserves to reserves of a new district fund for early-retiree benefit payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Financial Highlights (Continued)

- Besides the General Fund Reserves, LTCC has five reserves in the Capital Projects Fund (Fund 41). Amounts in reserve are for a student center upgrade (\$75,000), equipment replacement (\$62,677), for the construction of a new building or facility (\$36,854) and there is also an unrestricted redevelopment reserve (approximately \$103,000) which can be used for any capital project. \$102,000 is in an unallocated reserve at the end of the year. State funding for scheduled maintenance and for instructional equipment ceased four years ago. One-time and regularly funded scheduled maintenance funds that were funded in previous fiscal years have been exhausted to complete much needed purchases of supplies for painting, roof replacement, preventive building maintenance and repairs to common parking lots and roads. Currently, LTCC does not anticipate receiving any new scheduled maintenance or instructional equipment funding from the state in the near future.
- LTCC has \$60,000 set aside as Self-Insurance Reserves in the Self-Insurance Fund (Fund 61). A Retirement Reserve was set up in Fund 69 to pay for early-retiree benefits as per agreements in the past fiscal year and previous years and any future retiree medical obligations for fiscal years 2013/14 and 2014/15. The amount of reserves for this purpose is \$303,848.
- After declining for three consecutive years, enrollment in "full-time equivalent students" (FTES) started to recover in fiscal year 2006/07 and continued through the current fiscal year with funded FTES of 1,891 (the all-time high was 2008/09 with 1,935 FTES). This was up 3% from 1,835 FTES in 2009/10 but was essentially static from the 2010/11 fiscal year. The all-time high in actual FTES was 2009/10 with an amount of 2,021 FTES. This strong recovery is attributed to the current economic downturn and slow recovery the State is facing plus efforts of the LTCC's marketing campaign, the increased offering on-line (distance education), and new/expanded programs such as the fire academy and wilderness education courses. LTCC is predicting a declining enrollment trend in the fiscal year 2012/13 as the local economy and underlying population trends are predicted to improve slightly but overall, remain sluggish.

Total non-credit FTES decreased from 83 FTES in fiscal year 2010/11 to 62 FTES in the current year (this is expected to remain the same in the new budget year) with non-resident credit enrollment increasing from 53 FTES to 57 FTES for the same period. Overall, non-credit enrollment has decreased each year over the past four years. The following chart summarizes the past eleven years of enrollment:

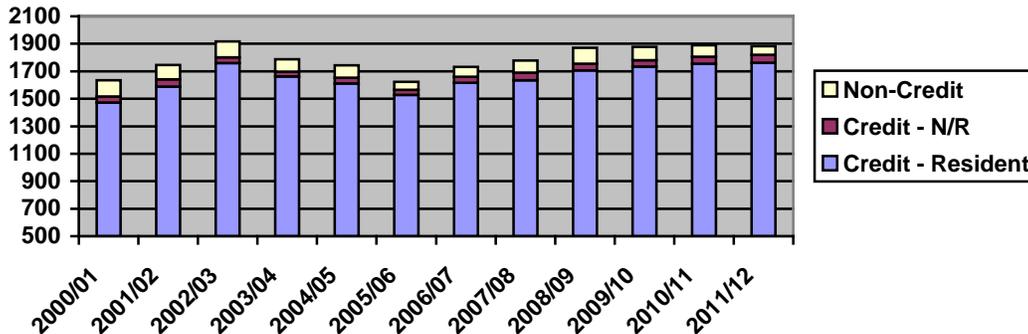
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Financial Highlights (Continued)

**FTES Growth/Decline
2000/01 – 2011/12**



For the fiscal year 2011/2012, each non-credit FTES was funded at \$2,745 per student and \$3,232 for each non-credit CDCP student. Each credit FTES was funded at a rate of \$4,565 for a total decrease to the District of approximately \$281,000 of unrestricted revenue from the previous fiscal year due to reduction in state revenues realized.

- In November 2009 an outside company, Barnes & Noble, took over the operations of the Bookstore from the District. All assets including inventory owned by the District were sold in fiscal year 2009/10. The District receives a percentage of revenues from Barnes & Noble each year based upon the following scale:
 - 7.75% on all gross sales up to \$500,000.
 - 8.75% on all gross sales over \$500,000.

The district received \$51,825 in commissions from Barnes & Noble for the 2011/12 fiscal year.

- 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 CDC traditionally has shown losses each year since opening until fiscal year 2009/10 when it reported a surplus of \$36,253 (with the inclusion of the general fund subsidy of \$46,978). The operating surplus in fiscal year 2011/12 was \$18,061 including the subsidy from the general fund of \$46,578. Total expenses were \$421,498, which were lower than the budget. Revenues were \$392,980 which was above budgeted revenues. Enrollment fees were \$308,594 which was also an increase from \$283,310 recorded in the previous fiscal year.
- LTCC is increasing the number of grants it obtains to support student enrollment and instruction, especially in the Federal area as can be evidenced with the acceptance of a third TRIO grant in 2012 (Upward Bound for Math and Science instruction) to co-exist with the first two TRIO grants (Student Support Services and Talent Search) the district received in 2010 and 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the District. Net assets were reported as fund balances in our previous reporting model.

Assets (condensed)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Current Assets			
Cash and cash equivalents	\$ 811,369	\$ 1,848,433	-56.11%
Receivables	3,331,593	2,473,458	34.70%
Prepays and other assets	<u>147,131</u>	<u>146,332</u>	0.55%
Total Current Assets	<u>4,290,093</u>	<u>4,468,223</u>	-3.99%
Non-Current Assets			
Restricted cash & cash equiv.	2,350	2,430	-3.29%
Capital assets, net	<u>29,464,423</u>	<u>29,748,204</u>	-0.95%
Total Non-Current Assets	<u>29,466,773</u>	<u>29,750,634</u>	-0.95%
Total Assets	<u>\$33,756,866</u>	<u>\$34,218,857</u>	-1.35%

- Total assets for the District decreased 1.35% in fiscal year 2011/12 from the previous fiscal year. Cash and cash equivalents decreased by over 56% year over year due to two factors: increased cash deferrals paid in the current year increasing from the previous year, as evidenced by the 34.7% increase in receivables, and a lower general fund apportionment coming to the District from the State as compared to the previous year as a result of a state revenue trigger cut enacted mid-year. The State continued its apportionment deferrals to the District in the 2011/12 fiscal year to be paid in fiscal year 2012/13. Approximately \$3 million in apportionment owed by the State was deferred until July 2012. This amount is up from the approximately \$2.3 million in cash deferrals from the State in the previous fiscal year. The increase in deferrals would account for the majority of the increase in the accounts receivable balance year over year.
- 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. Net capital assets increased due to new construction in progress related to the Title III project, which approximated \$513,101 year over year. There was approximately \$38,000 in deletions and \$868,266 in depreciation of previously acquired fixed assets recorded in the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Net Assets (Continued)

Liabilities (condensed)

Current Liabilities	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Accounts payable	\$ 50,208	\$ 174,833	-71.28%
Deferred revenue	310,549	221,524	40.19%
Accrued payroll	270,502	296,327	-8.72%
Compensated absences	319,764	298,303	7.19%
Long-term debt, current	<u>146,687</u>	<u>320,527</u>	-54.24%
 Total Current Liabilities	 1,097,710	 1,311,514	 -16.30%
 Non-Current Liabilities			
Long-term debt, non-current	<u>1,906,636</u>	<u>1,809,583</u>	5.36%
 Total Liabilities	 <u>\$ 3,004,346</u>	 <u>\$ 3,121,097</u>	 -3.74%

- Accounts payable amounts decreased approximately 72% (which was the amount it increased in the previous fiscal year) due to several Title III invoices being held for payment at the end of the 2010/11 fiscal year being paid in full at the end of 2011/12.
- Deferred revenue increased 40.2% from the previous fiscal year due to new deferrals to the Title III grant and to the TRIO SSS grant that did not occur in the previous year.
- Accrued payroll decreased 8.7% primarily due to the decrease in sections and hours that required part-time instruction at the end of the fiscal year from the activity in these areas from the previous fiscal year. This balance will vary every year depending on the number of sections and days outstanding for payroll accrual into the next fiscal year.
- Compensated absences represent the dollar value of accrued vacation leave and compensatory time. This is disclosed in detail as a note to the financial statements.
- Long-term debt consists of banked faculty load, retiree health benefits payable, early retirement incentives, and the principal portion of financing capital projects. Banked faculty load decreased about 10% from the previous year. The change in banked faculty load is the result of a calculation of the number of faculty carrying over to the new fiscal year up to four units of overload. Approximately 74 units of overload were banked at June 30, 2011 compared with 67 units in the prior fiscal year. Long-term debt is reported both under current and non-current liabilities. The current portion of long-term debt decreased 54% due primarily to the reclassification of retiree health benefits into non-current liabilities in the past fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Net Assets (Continued)

Net Assets (condensed)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Invested in capital assets, net	\$ 27,989,423	\$ 28,179,787	-0.68%
Restricted or reserved	490,915	507,995	-3.36%
Unrestricted	<u>2,272,182</u>	<u>2,409,978</u>	-5.72%
Total Net Assets	<u>\$ 30,752,520</u>	<u>\$ 31,097,760</u>	-1.11%

- Net assets, previously reported as fund balance under the former reporting model, include the value of all capital assets (net of accumulated depreciation).
- The decrease in net capital assets, as well as total net assets (down about 1.1%), reflects in general the decrease in cash and cash equivalents due to an overall decrease to total revenues year over year.
- Restricted and/or reserved amounts include reserve for encumbrances, special reserves, capital projects reserves, stores, and prepaid items.
- Unrestricted net assets reflect the uncommitted balance of unrestricted funds in all funds.

Statement of Revenues, Expenses and Change in Net Assets

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

As reported in the statement of revenues, expenses and change in net assets on page 16 of this report, the cost of all the District's governmental activities this year was \$18,996,025. The amount funded through local taxpayers by means of property taxes was \$3,311,740, a decline of \$41,997 from the previous fiscal year. Unrestricted state apportionment totaled \$8,316,885, a decrease of \$386,006, reflecting the mid-year revenue trigger reduction the District incurred due to lower than anticipated state revenues realized in fiscal year 2011/12.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Revenues, Expenses and Change in Net Assets (Continued)

Net tuition and fees increased about 27.4% in fiscal year 2011/12 as the District received an increase in enrollment fees from the previous year, fees collected from the CDC increased and the number of scholarship discounts and allowances such as BOG Waivers awarded increased as compared to the previous year. Federal grants awarded to the District increased year over year with new TRIO grants being awarded to the District for the first time. State and local grants decreased less than 1% as selected categorical programs were reduced in funding over the past year in such areas as Folsom Lake, Cal Works and child development grants. Apportionment was reduced with the mid-year trigger cut in 2011/12. Pell grant awards reached its highest level in college history and are shown separately as non-operating revenues on the schedule. Capital revenues increased over 6% as out of state tuition increased year over year.

Overall revenue from auxiliary operations increased from the prior year as greater bookstore commissions from Barnes & Noble and culinary instructional program food sales were recorded in the 2011/12 fiscal year above amounts recorded in the previous fiscal year. The commissions are recorded in a different area. The CDC historically has struggled with enrollment and staffing issues in the past. Due to operational changes in the CDC recently, total amounts funded and received including the District subsidy of \$46,578, are now closer to break-even with expenses in this program.

<u>Revenue Source</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
OP-Net Tuition and Fees	\$ 1,003,608	\$ 787,840	27.39%
OP-Federal Grants	1,114,101	1,013,930	9.88%
OP-State/Local Grants	1,623,352	1,635,056	-0.72%
OP-Auxiliary	27,692	34,487	-19.70%
NO-Apportionment	8,316,885	8,704,891	-4.46%
NO-State/Local Taxes, other	3,690,483	3,752,047	-1.64%
NO-PELL Distributions	2,536,828	2,278,433	11.34%
CR-Capital Revenues	302,914	283,541	6.83%

OP: Operating NO: Non-Operating CR: Capital Revenues

Total operating expenses increased \$1,475,837 or about 8.4% from the previous fiscal year. All major expense categories increased year over year. Salary expense increased approximately 6% from the previous fiscal year as the District rehired some vacant positions from the 2010/11 year. Some salary expense was reclassified into capital assets as construction in progress for the ERP. A reclassification study and salary survey was conducted for all full-time employees in fiscal year 2010/11. All step increases were funded and the total cost to the health benefit package increased. The 3% increase in other operating expenses, capital outlay and supplies primarily reflects increased usage in the MIS areas and new and increased expenditures in the TRIO grant programs. The District continued expenditure control especially in the categorical consulting services areas. Utilities showed a slight increase as delivery rates edged up over the past year and overall usage of utilities increased for the buildings during the winter months. The non-operating interest expense reflects the interest cost of the lease revenue bond. Interest and principal payments follow a schedule from the creditor. Expenses for fiscal year 2011/12 include depreciation of the District's plant and equipment, which is not reported on the general ledger accounting system of the District. Depreciation expense was up about 3.6% due to the new depreciation in additional capital assets purchased in 2011/12 like the new maintenance truck (but not including the ERP assets).

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Revenues, Expenses and Changes in Net Assets (Continued)

The following table summarizes expenditures by expense category.

<u>Expense Category</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
OP-Salaries	\$ 9,381,572	\$ 8,842,463	6.10%
OP-Benefits	3,360,327	2,992,294	12.30%
OP-Supplies/Other Operating	1,896,414	1,838,546	3.15%
OP-Utilities	461,168	452,974	1.81%
OP-Depreciation	868,266	837,990	3.61%
NO-Interest Expense	76,694	85,963	-10.78%

OP: Operating NO: Non-Operating

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.

	<u>2012</u>	<u>2011</u>
Cash (used in) provided by:		
Operating activities	\$ (14,347,753)	\$ (13,333,305)
Non-capital financing activities	13,754,656	14,525,087
Capital and related financing activities	(451,682)	(1,090,340)
Investing activities	7,635	9,192
Net increase/(decrease) in cash and cash equivalents	(1,037,144)	110,634
Cash – beginning of fiscal year	1,850,863	1,740,229
Cash – end of fiscal year	<u>\$ 813,719</u>	<u>\$ 1,850,863</u>

- Operating activities includes tuition and fees revenues, revenues from grants, operating expenditures, and payments on behalf of the auxiliary enterprises. The increase was due to an overall increase in payments to all major categories and specifically to students, as shown with the highest amount of Pell program payments in district history.
- Non-capital financing activities include state apportionment and property tax receipts which represents the largest cash in-flow to the District. The decrease is due to the decrease in funded state apportionment and the increase in apportionment receivables.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

Statement of Cash Flows (Continued)

- Construction projects and capital debt are reported in capital and related financing activities. The overall use in the balance is attributed to the reclassifications of the Title III project and other capital purchases made during the year.
- Investing activities includes interest and gains on District investments.
- With the maintenance of the 7 percent reserve that was originally established in FY 2007/08 (increased to a 10% reserve with the FY 2012/13 budget), cash flow was at an acceptable level for a small District during the fiscal year.

Factors That May Affect the Future

- For three consecutive years the District experienced a decline in student enrollment, plunging from a high of 1,817 funded full-time equivalent students (FTES) in fiscal year 2002/03 to 1,585 FTES by June 2006. The District has not only recovered FTES the past six fiscal years but had surpassed the funded high of fiscal year 2002/03 to a new all-time funded high of 1,935 FTES in fiscal year 2008/2009. The funded amount for the 2011/12 year returned to 1,891 FTES and 1,891 FTES is the projection for the 2012/13 fiscal year. The funded and unfunded actual FTES count reached an all-time high of 2,056 in fiscal year 2009/10. The funded amount was 1,835 and the unfunded portion was 221 FTES. The District budgeted for a potential negative impact on funded FTES for the District in fiscal year 2012/13 and beyond based upon the outcome of a tax initiative sponsored by the Governor in November 2012. Classes and sections have been cut in the current fiscal year in anticipation of the tax initiative not passing. Declining enrollment in fiscal year 2012/13 and beyond may pose a challenge for the District in terms of declining revenue streams in the future.
- Unrestricted reserves were maintained at 5% of unrestricted expenditures from the 2006/07 fiscal year to the 2007/08 fiscal year as per District policy. Recognizing the volatility of student enrollment, reserves have been maintained in fiscal year 2011/12 at 7%. This amount has been increased to 10% of budgeted unrestricted expenditures by the Board of Trustees for the 2012/13 fiscal year to provide a more appropriate reserve for a small district in a challenging economic environment. The district has exhausted its "Rainy Day" Operating reserves and Reserves for Potential Mid-year Cuts. It may become necessary to draw down the contingency reserves at a later time if the state revenue or funding situation worsens.
- All full-time employee positions and salaries are reviewed with the production of the annual district budget. Several employees opted for an early retiree agreement in fiscal year 2012/13 which will lead to changes in salaries and job duties in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2012

- The State of California adopted its 2012/13 budget as per statutory law on-time for the second time in a decade (and second time consecutively). It is possible the District could be affected by further decreases in state apportionment, decreases to property tax receipts and reduced categorical funding in the current fiscal year and the years that follow as a consequence of the strong economic downturn suffered by the state since 2008. The District could experience a mid-year cut in the form of “workload reduction” and is aware the State financial picture is still uncertain and must remain vigilant in prudent financial practices.
- The continued availability of funds for future salary enhancements is directly tied to on-going revenue derived from student enrollment and state-funded COLAs. The District struggles to provide competitive compensation packages to attract and retain qualified employees. Health and welfare benefit cost has increased in each of the past three years.

BASIC FINANCIAL STATEMENTS

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents (Note 2)	\$ 811,369
Short-term investments (Note 2)	57,198
Receivables (Note 3)	3,331,593
Prepaid expenses	<u>89,933</u>
Total current assets	<u>4,290,093</u>
Noncurrent assets:	
Restricted cash and cash equivalents (Note 2)	2,350
Non-depreciable capital assets (Note 4)	3,253,266
Depreciable capital assets, net (Note 4)	<u>26,211,157</u>
Total noncurrent assets	<u>29,466,773</u>
Total assets	<u><u>\$ 33,756,866</u></u>

LIABILITIES

Current liabilities:	
Accounts payable and other liabilities	\$ 50,208
Deferred revenue (Note 5)	310,549
Accrued payroll	270,502
Compensated absences payable (Note 6)	319,764
Long-term liabilities - current portion (Note 6)	<u>146,687</u>
Total current liabilities	<u>1,097,710</u>
Noncurrent liabilities:	
Long-term liabilities - noncurrent portion (Notes 6 and 9)	<u>1,906,636</u>
Total liabilities	<u>3,004,346</u>

Contingencies (Note 10)

NET ASSETS

Invested in capital assets, net of related debt	27,989,423
Restricted for:	
Capital projects	379,534
Debt service	1,568
Other special purposes	109,813
Unrestricted	<u>2,272,182</u>
Total net assets	<u>30,752,520</u>
Total liabilities and net assets	<u><u>\$ 33,756,866</u></u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
LAKE TAHOE COMMUNITY COLLEGE FOUNDATION
(A Nonprofit Organization)

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 114,002
Short-term investments (Note 2)	286,408
Prepaid expenses	<u>1,395</u>

Total current assets 401,805

Noncurrent assets:

Investments (Note 2)	<u>855,529</u>
----------------------	----------------

Total assets \$ 1,257,334

LIABILITIES

Accounts payable	\$ 1,865
Deferred revenues	<u>11,805</u>

Total liabilities 13,670

NET ASSETS

Unrestricted	268,433
Temporarily restricted	550,597
Permanently restricted	<u>424,634</u>

Total net assets 1,243,664

Total liabilities and net assets \$ 1,257,334

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2012

Operating revenues:	
Tuition and fees	\$ 1,824,991
Less: scholarship discounts and allowances	<u>(821,383)</u>
Net tuition and fees	<u>1,003,608</u>
Grants and contracts, non-capital:	
Federal	1,114,101
State	1,044,692
Local	578,660
Auxiliary enterprise sales and charges	<u>27,692</u>
Total operating revenues	<u>3,768,753</u>
Operating expenses (Note 12):	
Salaries	9,381,572
Employee benefits (Notes 8 and 9)	3,360,327
Supplies, materials, and other operating expenses	1,896,414
Equipment, maintenance and repairs	200,569
Utilities	461,168
Student aid	2,827,709
Depreciation (Note 4)	<u>868,266</u>
Total operating expenses	<u>18,996,025</u>
Loss from operations	<u>(15,227,272)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	8,316,885
Local property taxes (Note 7)	3,311,740
State taxes and other revenues	378,743
Pell grants	2,536,828
Investment income, noncapital	7,635
Interest expense on capital asset-related debt, net	(76,694)
Other non-operating revenues	<u>103,981</u>
Total non-operating revenues (expenses)	<u>14,579,118</u>
Loss before capital revenues	<u>(648,154)</u>
Capital revenues:	
Local property taxes and revenues (Note 7)	<u>302,914</u>
Total capital revenues	<u>302,914</u>
Change in net assets	(345,240)
Net assets, July 1, 2011	<u>31,097,760</u>
Net assets, June 30, 2012	<u>\$ 30,752,520</u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT-
LAKE TAHOE COMMUNITY COLLEGE FOUNDATION
(A Nonprofit Organization)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
District contributions	\$ 119,683	\$	\$	\$ 119,683
Non-District contributions	45,776	86,096		131,872
Investment income	14,944	21,405		36,349
Net assets released from restrictions	<u>66,088</u>	<u>(66,088)</u>		
Total revenues	<u>246,491</u>	<u>41,413</u>		<u>287,904</u>
Expenses:				
Grants and related activities	127,292			127,292
Salaries and benefits	165,035			165,035
Professional services	4,836			4,836
Other expenses	<u>5,858</u>			<u>5,858</u>
Total expenses	<u>303,021</u>			<u>303,021</u>
Change in net assets	(56,530)	41,413		(15,117)
Net assets, July 1, 2011	<u>324,963</u>	<u>509,184</u>	<u>424,634</u>	<u>1,258,781</u>
Net assets, June 30, 2012	<u>\$ 268,433</u>	<u>\$ 550,597</u>	<u>\$ 424,634</u>	<u>\$ 1,243,664</u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2012

Cash flows from operating activities:	
Tuition and fees	\$ 1,035,645
Federal grants and contracts	1,200,587
State grants and contracts	1,017,555
Local grants and contracts	561,105
Payments to suppliers	(1,985,434)
Payments for utilities	(461,168)
Payments to employees	(9,386,073)
Payments for benefits	(3,341,167)
Payments to students	(2,827,759)
Auxiliary enterprises sales and charges	27,692
Other payments	<u>(188,736)</u>
Net cash used in operating activities	<u>(14,347,753)</u>
Cash flows from noncapital financing activities:	
State appropriations	7,413,075
Local property taxes	3,311,740
State taxes and other revenues	378,743
Pell grants	2,536,828
Other receipts, net	<u>114,270</u>
Net cash provided by noncapital financing activities	<u>13,754,656</u>
Cash flows from capital and related financing activities:	
Local revenue for capital purposes	302,914
Purchase of capital assets	(584,485)
Principal paid on capital debt	(93,417)
Interest paid on capital debt, net	<u>(76,694)</u>
Net cash used in capital and related financing activities	<u>(451,682)</u>
Cash flows provided by investing activities:	
Interest income on investments	<u>7,635</u>
Net change in cash and cash equivalents	(1,037,144)
Cash and cash equivalents, beginning of year	<u>1,850,863</u>
Cash and cash equivalents, end of year	<u>\$ 813,719</u>

(Continued)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
(Continued)
For the Year Ended June 30, 2012

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (15,227,272)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	868,266
Changes in assets and liabilities:	
Receivables	35,431
Prepaid expenses	(799)
Accounts payable	(124,670)
Deferred revenue	89,025
Accrued Payroll	(25,825)
Compensated absences	21,461
Retiree health benefits	25,847
Banked faculty load	(3,852)
Early retirement incentive program	<u>(5,365)</u>
Net cash used in operating activities	<u>\$ (14,347,753)</u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
LAKE TAHOE COMMUNITY COLLEGE FOUNDATION
(A Nonprofit Organization)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2012

Cash flows from operating activities:	
Change in net assets	\$ (15,117)
Adjustments to reconcile decrease in net assets to net cash used in operations:	
Decrease in accounts receivable	31
Increase in prepaid expense	(1,395)
Decrease in accounts payable	(3,036)
Decrease in due to the District, net	<u>(3,074)</u>
Net cash used in operating activities	<u>(22,591)</u>
Cash flows from investing activities:	
Investment maturities	324,751
Investment purchases	<u>(280,338)</u>
Net cash provided by investing activities	<u>44,413</u>
Net change in cash and cash equivalents	21,822
Cash and cash equivalents, beginning of year	<u>92,180</u>
Cash and cash equivalents, end of year	<u><u>\$ 114,002</u></u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2012

	Student Agency Funds
Cash and cash equivalents (Note 2)	\$ 20,083
Accounts receivable	46
Due from other funds	<u>30</u>
Total assets	<u>\$ 20,159</u>
Accounts payable	\$ 72
Deferred revenue	1,307
Amounts held in trust for others	<u>18,780</u>
Total liabilities	<u>\$ 20,159</u>

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lake Tahoe Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the Lake Tahoe Community College Foundation (the "Foundation") as its potential component unit.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investments earnings to the District. The funds contributed by the Foundation to the District are significant to the District's financial statements. The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100 and therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundation's financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Classification of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Net Assets as unrestricted, temporarily restricted or permanently restricted net assets based on the absence or existence of donor-imposed restrictions.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

The District has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The District elected to not apply FASB pronouncements issued after that date.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the El Dorado County Treasury are considered cash equivalents and are stated at fair value.

Restricted Cash and Cash Equivalents

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non current assets in the statement of net assets.

Fair Value of Investments

The Foundation's investments are valued at their fair value based upon quoted market prices, when available, or estimates of fair value in the Statement of Net Assets and unrealized and realized gains and losses are included in the Statement of Activities. Fair values of investments in county and state investment pools are determined by the pool sponsor.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The District determined that there was no allowance required for the year ended June 30, 2012.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the District's capitalization policy included all items with a unit cost of \$5,000 or more, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 years for land improvements, 8 years for most equipment and vehicles, and 3 years for technology equipment such as computers.

Compensated Absences

Compensated absences are recorded as a liability of the District. This liability is for earned but unused vacation benefits.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and PERS employees, when the employee retires.

Banked Faculty Load

A regular teaching load is considered by a schedule which yields one Full Time Equivalent (FTE). An overload is defined as a schedule which yields more than one FTE. The excess load is recorded as a liability in the Statement of Net Assets.

Deferred Revenue

Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Other funds, including tuition and student fees, received but not earned are recorded as deferred revenue until earned.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The District's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources.

The Foundation's net assets are classified as follows:

- *Unrestricted* - Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.
- *Permanently restricted* - Net assets subject to donor-imposed stipulations require that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The Foundation's endowment currently consists of 5 individual funds established for the purpose of supporting education at the District. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institution Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

State Apportionments

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Prior year corrections due to a recalculation will be recorded in the year computed by the State. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

On-Behalf Payments

GASB Cod. Sec. N50 requires that direct on-behalf payments for benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers and Public Employees Retirement Systems on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructed districts not to record revenue and expenditures for these on-behalf payments. These payments consist of state general fund contributions to CalSTRS in the amount of \$173,409 (4.267% of salaries subject to CalSTRS).

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenue

The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and change in net assets. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2012, consisted of the following:

	<u>District</u>	<u>Foundation</u>	<u>Agency</u>
Pooled Funds:			
Cash in County Treasury	\$ 543,179	\$ -	\$ 3,687
Cash in LAIF	122,876	-	-
Deposits:			
Cash on hand and in banks	<u>147,664</u>	<u>114,002</u>	<u>16,396</u>
Total cash and cash equivalents	<u>813,719</u>	<u>114,002</u>	<u>20,083</u>
Less: restricted cash and cash equivalents			
Other restricted	<u>(2,350)</u>	<u>-</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 811,369</u>	<u>\$ 114,002</u>	<u>\$ 20,083</u>
Investments:			
Certificates of deposit	\$ 57,198	\$ 96,786	\$ -
Money market funds	-	189,622	-
Mutual funds	<u>-</u>	<u>855,529</u>	<u>-</u>
Total investments	<u>\$ 57,198</u>	<u>\$ 1,141,937</u>	<u>\$ -</u>

Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to \$250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012, the carrying amount of the District's cash on hand and in banks was \$147,664 and the bank balance was \$165,642 all of which was insured by the FDIC.

At June 30, 2012, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was \$114,002 and the bank balance was \$116,895 all of which was insured by the FDIC.

Credit Risk

As provided for by in Education Code, Section 41001, a significant portion of the District's cash balances is deposited with the County Treasurer for the purpose of increasing interest earnings through County investment activities. Interest earned on such pooled cash balances is allocated proportionately to all funds in the pool.

In accordance with applicable State laws, the El Dorado County Treasurer may invest in derivative securities. However, at June 30, 2012, the El Dorado County Treasurer has indicated that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk (Continued)

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions is entirely insured or collateralized.

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentrations of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
Registered State Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25% - 40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Bank / Time Deposits	5 years	None	None
Mortgage Pass through Securities	5 years	20%	None
Joint Power Authority Pools	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

During the fiscal year ended June 30, 2012, the District earned \$7,024 in investment income from its cash in the El Dorado County Treasury.

The District has an investment policy that limits its investment choices as a means of managing its exposure to credit risk.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk (Continued)

Under provision of the District's policy, and in accordance with Sections 53601 and 53602 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2012, the District had no concentration of credit risk. The Foundation's investments are in certificates of deposit, money market funds and mutual funds and do not have concentration of credit risk with only one issuer.

Interest Rate Risk

The District has an investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2012, the District had no significant interest rate risk related to cash and investments held.

Pooled Funds - Local Agency Investment Fund

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements 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 monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Pooled Funds - Local Agency Investment Fund (Continued)

Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. This fund currently yields approximately 0.36% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield is not jeopardized.

District Investments

At June 30, 2012, the District's investment, with a carrying value of \$57,198, which equals fair value, consisted of a certificate of deposit. The certificate of deposit is collateralized as required by California State law for any amount exceeding FDIC coverage. Collateral is held in trust by the institutions and monitored by the State Superintendent of Banking.

Foundation Investments

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2012, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foundation Investments (Continued)

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 96,786	\$ -	\$ 96,786	\$ -
Money market funds	189,622	189,622	-	-
Mutual funds	<u>855,529</u>	<u>855,529</u>	<u>-</u>	<u>-</u>
 Total investments	 <u>\$ 1,141,937</u>	 <u>\$ 1,045,151</u>	 <u>\$ 96,786</u>	 <u>\$ -</u>

Certain investments were classified as Level 2 as comparable investment securities were used to determine fair value. There were no changes in the valuation techniques used during the year ended June 30, 2012.

The Foundation had no non-recurring assets and no liabilities at June 30, 2012, which were required to be disclosed using the fair value hierarchy.

3. RECEIVABLES

Receivables at June 30, 2012 are summarized as follows:

Federal	\$ 104,350
State	3,184,932
Local and other	<u>42,311</u>
	 <u>\$ 3,331,593</u>

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2012</u>
Non-depreciable:				
Land	\$ 779,241	\$ -	\$ -	\$ 779,241
Construction in progress	1,960,924	513,101	-	2,474,025
Depreciable:				
Land improvements	1,148,287	-	-	1,148,287
Building improvements	360,200	13,786	-	373,986
Buildings	37,166,324	-	-	37,166,324
Machinery and equipment	<u>1,220,571</u>	<u>57,598</u>	<u>(38,088)</u>	<u>1,240,081</u>
Total	<u>42,635,547</u>	<u>584,485</u>	<u>(38,088)</u>	<u>43,181,944</u>
Less accumulated depreciation:				
Land improvements	(1,118,931)	(3,517)	-	(1,122,448)
Building improvements	(173,494)	(28,658)	-	(202,152)
Buildings	(10,669,900)	(717,281)	-	(11,387,181)
Machinery and equipment	<u>(925,018)</u>	<u>(118,810)</u>	<u>38,088</u>	<u>(1,005,740)</u>
Total	<u>(12,887,343)</u>	<u>(868,266)</u>	<u>38,088</u>	<u>(13,717,521)</u>
Capital assets, net	<u>\$ 29,748,204</u>	<u>\$ (283,781)</u>	<u>\$ -</u>	<u>\$ 29,464,423</u>

5. DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

Deferred Federal and State revenue	\$ 121,894
Deferred local revenue	1,150
Deferred tuition and other student fees	<u>187,505</u>
Total deferred revenue	<u>\$ 310,549</u>

6. LONG-TERM LIABILITIES

Lease Revenue Bonds

On January 1, 2006, the District issued \$1,915,000 of Lease Revenue Bonds. The bonds were issued to finance the purchase of equipment and to fund the reconstruction of old library space. The bonds mature in August 2025 and bear interest at rates ranging from 3.5% to 4.38%. Bond issuance costs of \$103,584 were capitalized and are amortized on a straight-line basis over the term of the bond. Amortization expense is \$5,719 for the year ended June 30, 2012.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

Lease Revenue Bonds (Continued)

The following is a schedule of future payments for the Lease Revenue Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 80,000	\$ 59,475	\$ 139,475
2014	85,000	56,275	141,275
2015	85,000	52,875	137,875
2016	90,000	49,375	139,375
2017	95,000	45,675	140,675
2018-2022	530,000	166,868	696,868
2023-2026	<u>510,000</u>	<u>45,644</u>	<u>555,644</u>
	<u>\$ 1,475,000</u>	<u>\$ 476,187</u>	<u>\$ 1,951,187</u>

Early Retirement Incentive Plan

The following is a schedule of future payments under early retirement incentive plans:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 31,815	\$ 6,824	\$ 38,639
2014	24,127	5,244	29,371
2015	18,611	4,127	22,738
2016	18,611	3,242	21,853
2017	18,611	2,358	20,969
2018-2019	<u>57,479</u>	<u>2,064</u>	<u>59,543</u>
	<u>\$ 169,254</u>	<u>\$ 23,859</u>	<u>\$ 193,113</u>

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2012	Amounts Due Within One Year
Lease Revenue Bonds	\$ 1,555,000	\$ -	\$ 80,000	\$ 1,475,000	\$ 80,000
Capital lease obligations	13,417	-	13,417	-	-
Compensated absences	298,303	21,461	-	319,764	319,764
OPEB (Note 9)	348,350	201,299	175,452	374,197	-
Banked faculty load	38,724	-	3,852	34,872	34,872
Early Retirement Incentive Plan	174,619	-	5,365	169,254	31,815
	<u>\$ 2,428,413</u>	<u>\$ 222,760</u>	<u>\$ 278,086</u>	<u>\$ 2,373,087</u>	<u>\$ 466,451</u>

Lease Revenue Bond payments are made from the Debt Service Fund. Payments on the compensated absences, retiree health benefits, banked faculty load and early retirement incentive plan are made from the fund for which the related employee worked.

7. PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of El Dorado and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

8. EMPLOYEE RETIREMENT SYSTEMS

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

State Teachers' Retirement System (STRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

State Teachers' Retirement System (STRS) (Continued)

The State Teachers' Retirement Plan (STRP), a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, postretirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. Disability benefits of up to 90 percent of final compensation to members with five years of service. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active members of the DB Plan are required to contribute 8% of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of 4% with the sum of the district and employee contribution always being equal or greater than 8%.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$359,614, \$362,222 and \$392,777, respectively, and equals 100% of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The required employer contribution rate for fiscal year 2011-2012 was 10.923% of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2011 and 2010 were \$367,760, \$360,956 and \$332,456, respectively, and equaled 100 percent of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides post-retirement health care benefits to eligible employees who retire from the District. The District pays medical benefits for qualified retirees for five years beyond retirement or until Medicare age is obtained, whichever is sooner. The benefits provide retired employees with the same health insurance coverage they enjoyed while employed. Eligibility requirements for certificated and classified employees are as follows:

- Employees who have been in continuous full-time employment of the District for a minimum of ten years immediately prior to retirement.
- Employees who have reached the age of 55 or older upon retirement.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 181,816
Interest on net OPEB obligation	17,418
Adjustment to annual required contribution	<u>2,065</u>
Annual OPEB cost (expense)	201,299
Contributions made	<u>(175,452)</u>
Increase in net OPEB obligation	25,847
Net OPEB obligation - beginning of year	<u>348,350</u>
Net OPEB obligation - end of year	<u><u>\$ 374,197</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and prior years were as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost</u> <u>Contributed</u>	Net OPEB <u>Obligation</u>
June 30, 2010	\$ 189,495	9.2%	\$ 325,701
June 30, 2011	\$ 198,101	88.6%	\$ 348,350
June 30, 2012	\$ 201,299	87.2%	\$ 374,197

As of February 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,324,309, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,324,309. The covered payroll (annual payroll of active employees covered by the Plan) was \$3,416,318, and the ratio of the UAAL to the covered payroll was 68 percent.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included as Required Supplementary Information following this section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate (net of administrative expenses), which is based on assumed long-term return on employer assets, and an annual healthcare cost trend rate of 4 percent. Both rates include a 3 percent inflation assumption. There were no plan assets on the valuation date. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2012, was 27 years.

10. CONTINGENCIES

Contingent Liabilities

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

11. JOINT POWERS AGREEMENTS

Lake Tahoe Community College District participates in public entity risk pool joint power agreements (JPAs).

The District is a member of Statewide Association of Community Colleges (SWACC), a joint powers authority established to provide property and liability insurance up to one million dollars. The District is also a member of Tri-County Schools Insurance Group (TCSIG). The District participates in the medical programs of TCSIG which provides various insurance programs to its members.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. Lake Tahoe Community College District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most recent year available is as follows:

	<u>SWACC</u> <u>June 30, 2011</u>	<u>TCSIG</u> <u>June 30, 2011</u>
Total assets	\$ 45,222,215	\$ 24,792,508
Total liabilities	\$ 21,819,352	\$ 10,896,925
Net assets	\$ 23,402,863	\$ 13,895,583
Total revenues	\$ 11,051,395	\$ 55,093,311
Total expenses	\$ 12,249,899	\$ 56,703,420
Change in net asset	\$ (1,198,504)	\$ (1,610,109)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12. OPERATING EXPENSES

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and change in net assets for the year ended June 30, 2012.

<u>Functional Classifications</u>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials and Other Operating Expenses</u>	<u>Equipment, Maintenance and Repairs</u>	<u>Utilities</u>	<u>Student Financial Aid</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 4,588,853	\$ 1,307,935	\$ 309,702	\$ 60,748	-	-	-	\$ 6,267,238
Academic Support	1,163,299	465,147	100,791	26,098	-	-	-	1,755,335
Student Services	791,304	322,030	103,466	11,396	-	-	-	1,228,196
Operations and Maintenance of Plant	408,547	212,206	258,404	-	461,168	-	-	1,340,325
Institution Support	998,408	567,266	443,072	83,445	-	-	-	2,092,191
Community Services and Economic Development	288,065	81,949	76,666	-	-	-	-	446,680
Auxiliary Operations	386,019	114,176	492,814	15,766	-	-	-	1,008,775
Student Aid	460,318	174,889	75,909	3,116	-	2,827,709	-	3,541,941
Physical Property and Related Acquisitions	<u>296,759</u>	<u>114,729</u>	<u>35,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>868,266</u>	<u>1,315,344</u>
	<u>\$ 9,381,572</u>	<u>\$ 3,360,327</u>	<u>\$ 1,896,414</u>	<u>\$ 200,569</u>	<u>\$ 461,168</u>	<u>\$ 2,827,709</u>	<u>\$ 868,266</u>	<u>\$ 18,996,025</u>

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13. ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 200,199	\$ 99,339	\$ 424,634	\$ 724,172
Change in fair value of investments	<u>8,174</u>	<u>17,202</u>	<u>-</u>	<u>25,376</u>
Endowment net assets, end of year	<u>\$ 208,373</u>	<u>\$ 116,541</u>	<u>\$ 424,634</u>	<u>\$ 749,548</u>

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2012, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 116,541	\$ 424,634	\$ 541,175
Board-designated endowment funds	<u>208,373</u>	<u>-</u>	<u>-</u>	<u>208,373</u>
Total	<u>\$ 208,373</u>	<u>\$ 116,541</u>	<u>\$ 424,634</u>	<u>\$ 749,548</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no individual endowment funds with such deficiencies as of June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2012

Schedule of Funding Progress							
<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2009	August 1, 2006	\$ -	\$ 1,598,808	\$ 1,598,808	0%	\$ 6,764,000	24%
6/30/2010	February 1, 2010	\$ -	\$ 2,324,309	\$ 2,324,309	0%	\$ 1,808,204	129%
6/30/2011	February 1, 2010	\$ -	\$ 2,324,309	\$ 2,324,309	0%	\$ 5,833,080	40%
6/30/2012	February 1, 2010	\$ -	\$ 2,324,309	\$ 2,324,309	0%	\$ 3,416,318	68%

See accompanying notes to financial statements.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULE

Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2012

The Lake Tahoe Community College District is located in South Lake Tahoe, California. Geographically, the District encompasses all of the Lake Tahoe basin with boundaries extending east to the State of Nevada, west to Desolation Valley, north to Emerald Bay and south to Alpine County.

The District provides the first two years of instruction transferable to accredited four-year colleges and universities as well as vocational and technical education.

The Board of Trustees and District Administration for the fiscal year ended June 30, 2012, were composed of the following members:

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Molly Blann	President	December 2013
Frederick Wenck, Jr. D.D.S.	Trustee	December 2015
Roberta L. Mason	Trustee	December 2013
Kerry S. David	Trustee	December 2013
Karen Borges	Clerk	December 2015
Katie Su Contreras	Student Member	June 2012

DISTRICT ADMINISTRATION

Kindred Murillo, Ed. D.
President/Superintendent

Jeff DeFranco
Vice President, Administrative Services

Marc Sabella
Director, Fiscal Services

Tom Greene
Vice President, Academic Affairs and Student Services

Kurt Green
Interim Dean of Instruction

Cynthea Preston
Dean of Instruction

Virginia Boyar, Ph.D.
Director of Vocational Education

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET ASSETS BY FUND

June 30, 2012

(UNAUDITED)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Projects Fund</u>	<u>Self Insurance Fund</u>	<u>Student Loan Fund</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 344,338	\$ 1,568	\$ 377,170	\$ 47,980	\$ 2,350
Short-term investments	57,198	-	-	-	-
Receivables	3,299,677	-	10,216	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	<u>22,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>3,723,815</u>	<u>1,568</u>	<u>387,386</u>	<u>47,980</u>	<u>2,350</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	-	-	-
Non-depreciable capital assets	-	-	-	-	-
Depreciable capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,723,815</u>	<u>\$ 1,568</u>	<u>\$ 387,386</u>	<u>\$ 47,980</u>	<u>\$ 2,350</u>
LIABILITIES					
Current liabilities:					
Accounts payable and other liabilities	\$ 34,512	\$ -	\$ 7,852	\$ 3,700	\$ -
Deferred revenue	308,850	-	-	-	-
Accrued payroll	262,566	-	-	-	-
Due to other funds	30	-	-	-	-
Compensated absences payable	-	-	-	-	-
Long-term liabilities - current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>605,958</u>	<u>-</u>	<u>7,852</u>	<u>3,700</u>	<u>-</u>
Noncurrent liabilities:					
Long-term liabilities - noncurrent portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>605,958</u>	<u>-</u>	<u>7,852</u>	<u>3,700</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt					
	-	-	-	-	-
Restricted for:					
Capital projects	-	-	379,534	-	-
Debt service	-	1,568	-	-	-
Other special programs	22,602	-	-	44,280	-
Unrestricted	<u>3,095,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,350</u>
Total net assets	<u>3,117,857</u>	<u>1,568</u>	<u>379,534</u>	<u>44,280</u>	<u>2,350</u>
Total liabilities and net assets	<u>\$ 3,723,815</u>	<u>\$ 1,568</u>	<u>\$ 387,386</u>	<u>\$ 47,980</u>	<u>\$ 2,350</u>

(Continued)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET ASSETS BY FUND
(Continued)
June 30, 2012
(UNAUDITED)

	Other Special Revenue Fund	Student Financial Aid Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Assets
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 49,110	\$ (8,797)	\$ 813,719	\$ (2,350)	\$ 811,369
Short-term investments	-	-	57,198	-	57,198
Receivables	1,809	19,891	3,331,593	-	3,331,593
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	22,602	67,331	89,933
Total current assets	50,919	11,094	4,225,112	64,981	4,290,093
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	-	2,350	2,350
Non-depreciable capital assets	-	-	-	3,253,266	3,253,266
Depreciable capital assets, net	-	-	-	26,211,157	26,211,157
Total noncurrent assets	-	-	-	29,466,773	29,466,773
Total assets	\$ 50,919	\$ 11,094	\$ 4,225,112	\$ 29,531,754	\$ 33,756,866
LIABILITIES					
Current liabilities:					
Accounts payable and other liabilities	\$ 52	\$ 4,062	\$ 50,178	\$ 30	\$ 50,208
Deferred revenue	-	1,699	310,549	-	310,549
Accrued payroll	7,936	-	270,502	-	270,502
Due to other funds	-	-	30	(30)	-
Compensated absences payable	-	-	-	319,764	319,764
Long-term liabilities - current portion	-	-	-	146,687	146,687
Total current liabilities	7,988	5,761	631,259	466,451	1,097,710
Noncurrent liabilities:					
Long-term liabilities - noncurrent portion	-	-	-	1,906,636	1,906,636
Total liabilities	7,988	5,761	631,259	2,373,087	3,004,346
NET ASSETS					
Invested in capital assets, net of related debt	-	-	-	27,989,423	27,989,423
Restricted for:					
Capital projects	-	-	379,534	-	379,534
Debt service	-	-	1,568	-	1,568
Other special programs	42,931	-	109,813	-	109,813
Unrestricted	-	5,333	3,102,938	(830,756)	2,272,182
Total net assets	42,931	5,333	3,593,853	27,158,667	30,752,520
Total liabilities and net assets	\$ 50,919	\$ 11,094	\$ 4,225,112	\$ 29,531,754	\$ 33,756,866

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS BY FUND

For the Year Ended June 30, 2012

(UNAUDITED)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Projects Fund</u>	<u>Self Insurance Fund</u>	<u>Student Loan Fund</u>
Operating revenues:					
Tuition and fees	\$ 1,290,193	\$ -	\$ -	\$ -	\$ 16,329
Less: scholarship discounts and allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net tuition and fees	<u>1,290,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,329</u>
Grants and contracts, non-capital:					
Federal	1,016,573	-	-	-	-
State	851,502	-	-	-	-
Local	109,306	-	153,835	-	-
Auxiliary enterprise sales and charges	<u>27,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>3,295,266</u>	<u>-</u>	<u>153,835</u>	<u>-</u>	<u>16,329</u>
Operating expenses:					
Salaries	9,183,440	-	-	-	-
Employee benefits	3,299,186	-	-	-	-
Supplies, materials and other operating expenses	2,533,924	-	9,502	128,282	-
Equipment, maintenance and repairs	204,697	-	65,825	-	-
Utilities	-	-	-	-	-
Student aid	66,179	-	-	-	16,409
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>15,287,426</u>	<u>-</u>	<u>75,327</u>	<u>128,282</u>	<u>16,409</u>
Operating (loss) income	<u>(11,992,160)</u>	<u>-</u>	<u>78,508</u>	<u>(128,282)</u>	<u>(80)</u>
Non-operating revenues (expenses):					
State apportionment, non-capital	8,316,885	-	-	-	-
Local property taxes	3,311,740	-	-	-	-
State taxes and other revenues	378,743	-	-	-	-
Pell grants	4,645	-	-	-	-
Investment income - non-capital	6,599	68	847	99	-
Interest expense on capital asset related debt, net	(9,040)	(62,475)	-	-	-
Other non-operating revenues	103,951	-	-	-	-
Debt reduction	(13,417)	(80,000)	-	-	-
Interfund transfers out	(243,054)	-	(171,212)	-	-
Interfund transfers in	<u>46,360</u>	<u>143,937</u>	<u>74,356</u>	<u>103,035</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>11,903,412</u>	<u>1,530</u>	<u>(96,009)</u>	<u>103,134</u>	<u>-</u>
(Loss) Income before capital revenues	<u>(88,748)</u>	<u>1,530</u>	<u>(17,501)</u>	<u>(25,148)</u>	<u>(80)</u>
Capital revenues:					
Local property taxes and revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(88,748)	1,530	(17,501)	(25,148)	(80)
Net assets, July 1, 2011	<u>3,206,605</u>	<u>38</u>	<u>397,035</u>	<u>69,428</u>	<u>2,430</u>
Net assets, June 30, 2012	<u>\$ 3,117,857</u>	<u>\$ 1,568</u>	<u>\$ 379,534</u>	<u>\$ 44,280</u>	<u>\$ 2,350</u>

(Continued)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS BY FUND

(Continued)

For the Year Ended June 30, 2012

(UNAUDITED)

	Other Special Revenue Fund	Student Financial Aid Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Assets
Operating revenues:					
Tuition and fees	\$ -	\$ -	\$ 1,306,522	\$ 518,469	\$ 1,824,991
Less: scholarship discounts and allowance	-	-	-	(821,383)	(821,383)
Net tuition and fees	-	-	1,306,522	(302,914)	1,003,608
Grants and contracts, non-capital:					
Federal	14,611	82,917	1,114,101	-	1,114,101
State	69,352	123,838	1,044,692	-	1,044,692
Local	308,966	6,553	578,660	-	578,660
Auxiliary enterprise sales and charges	-	-	27,692	-	27,692
Total operating revenues	<u>392,929</u>	<u>213,308</u>	<u>4,071,667</u>	<u>(302,914)</u>	<u>3,768,753</u>
Operating expenses:					
Salaries	294,419	-	9,477,859	(96,287)	9,381,572
Employee benefits	83,269	-	3,382,455	(22,128)	3,360,327
Supplies, materials and other operating expenses	42,379	90	2,714,177	(817,763)	1,896,414
Equipment, maintenance and repairs	1,431	-	271,953	(71,384)	200,569
Utilities	-	-	-	461,168	461,168
Student aid	-	2,745,121	2,827,709	-	2,827,709
Depreciation	-	-	-	868,266	868,266
Total operating expenses	<u>421,498</u>	<u>2,745,211</u>	<u>18,674,153</u>	<u>321,872</u>	<u>18,996,025</u>
Operating (loss) income	<u>(28,569)</u>	<u>(2,531,903)</u>	<u>(14,602,486)</u>	<u>(624,786)</u>	<u>(15,227,272)</u>
Non-operating revenues (expenses):					
State apportionment, non-capital	-	-	8,316,885	-	8,316,885
Local property taxes	-	-	3,311,740	-	3,311,740
State taxes and other revenues	-	-	378,743	-	378,743
Pell grants	-	2,532,183	2,536,828	-	2,536,828
Investment income - non-capital	22	-	7,635	-	7,635
Interest expense on capital asset related debt, net	-	-	(71,515)	(5,179)	(76,694)
Other non-operating revenues	30	-	103,981	-	103,981
Debt reduction	-	-	(93,417)	93,417	-
Interfund transfers out	-	-	(414,266)	414,266	-
Interfund transfers in	46,578	-	414,266	(414,266)	-
Total non-operating revenues (expenses)	<u>46,630</u>	<u>2,532,183</u>	<u>14,490,880</u>	<u>88,238</u>	<u>14,579,118</u>
(Loss) Income before capital revenues	<u>18,061</u>	<u>280</u>	<u>(111,606)</u>	<u>(536,548)</u>	<u>(648,154)</u>
Capital revenues:					
Local property taxes and revenues	-	-	-	302,914	302,914
Total capital revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,914</u>	<u>302,914</u>
Change in net assets	18,061	280	(111,606)	(233,634)	(345,240)
Net assets, July 1, 2011	<u>24,870</u>	<u>5,053</u>	<u>3,705,459</u>	<u>27,392,301</u>	<u>31,097,760</u>
Net assets, June 30, 2012	<u>\$ 42,931</u>	<u>\$ 5,333</u>	<u>\$ 3,593,853</u>	<u>\$ 27,158,667</u>	<u>\$ 30,752,520</u>

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>		
<i>Direct Programs:</i>		
Student Financial Aid Cluster:		
Pell Grant Program	84.063	\$ 2,536,828
Supplementary Educational Opportunity Grant	84.007	48,813
College Work-Study	84.033	<u>40,598</u>
Subtotal Student Financial Aid Cluster		<u>2,626,239</u>
<i>Passed through California Community College Chancellor's Office:</i>		
Vocational and Applied Technology Educational Act - Title IC	84.048	116,067
Vocational and Applied Technology Educational Act - Tech Prep	84.049	46,970
Title III - Higher Education Institutional Act	84.031A	324,057
<i>TRIO Cluster:</i>		
TRIO - Student Support Services	84.042	235,535
TRIO - Talent Search	84.044	<u>170,000</u>
Subtotal TRIO Cluster		<u>405,535</u>
Total U.S. Department of Education		<u>3,518,868</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed through California Department of Education:</i>		
Child Care Food Program	10.558	14,011
<i>Passed through El Dorado County:</i>		
Forest Reserve	10.665	<u>58,052</u>
Total U.S. Department of Agriculture		<u>72,063</u>
<u>U.S. Department of Veteran Affairs</u>		
<i>Direct Programs:</i>		
Vocational and Educational Counseling for Service Members and Veterans	64.125	<u>5,432</u>
Total U.S. Department of Veteran Affairs		<u>5,432</u>

(Continued)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Passed through California Department of Education:</i> Child Development Training Consortium	93.575	\$ 4,350
<i>Passed through California Community College Chancellor's Office:</i> TANF	93.558	<u>24,447</u>
Total U.S. Department of Health and Human Services		<u>28,797</u>
<u>Corporation for National and Community Service</u>		
<i>Passed through California Community College Chancellor's Office Foundation:</i> Americorps	94.006	<u>25,769</u>
Total Federal Programs		<u>\$ 3,650,929</u>

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2012

	Program Entitlements			Program Revenues				Program Expenditures
	Prior Year Carry-forward	Current Entitlement	Total Entitlement	Cash Received	Accounts Receivable	Deferred Revenue/Accounts Payable	Total	
Disabled Student Programs and Services	\$ -	\$ 220,375	\$ 220,375	\$ 220,375	\$ -	\$ -	\$ 220,375	\$ 220,375
Extended Opportunity Programs and Services	-	111,899	111,899	111,899	-	-	111,899	111,899
Board Financial Assistance Program	25,527	114,508	140,035	140,035	-	-	140,035	140,035
Matriculation	-	88,497	88,497	88,497	-	-	88,497	88,497
Matriculation, Non-credit	-	11,655	11,655	11,655	-	-	11,655	11,655
Foster Care Education	-	115,068	115,068	76,495	38,573	-	115,068	115,068
AB 1725 Staff Diversity	-	3,702	3,702	3,702	-	-	3,702	3,702
Part Time Faculty Compensation	-	43,000	43,000	36,550	-	-	36,550	36,550
Part Time Faculty Office Hours	-	2,000	2,000	1,745	-	-	1,745	1,745
TTIP	8,448	-	8,448	8,448	-	-	8,448	8,448
CalWORKs	-	114,245	114,245	114,245	-	-	114,245	114,245
Cooperative Agency Resource Education	-	18,216	18,216	18,216	-	-	18,216	18,216
Infant/Toddler Child Care Resource Grant	-	262	262	-	-	-	-	-
Child Development Block Grant	-	39,443	39,443	24,093	-	-	24,093	24,093
Child Care Food Program	-	642	642	642	-	-	642	642
CCTR	-	44,617	44,617	44,617	-	-	44,617	44,617
DHH	-	4,400	4,400	4,400	-	-	4,400	4,400
Cal Grant	-	80,459	80,459	80,459	-	1,671	78,788	78,788
Basic Skills Reappropriation	21,213	90,000	111,213	111,213	-	21,943	89,270	89,270
Enrollment Fee Waiver Administration	-	9,384	9,384	9,384	-	-	9,384	9,384
North/Far North Training	-	8,000	8,000	5,577	-	-	5,550	5,850
Folsom Lake (SB 70)	-	26,029	26,029	2,094	23,935	-	26,029	26,029
Total State Programs	\$ 55,188	\$ 1,146,401	\$ 1,201,589	\$ 1,114,341	\$ 62,781	\$ 23,614	\$ 1,153,508	\$ 1,153,508

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT

Annual Attendance as of June 30, 2012

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2011 only)			
1. Noncredit	4		4
2. Credit	102		102
B. Summer Intersession (Summer 2012 - Prior to July 1, 2012)			
1. Noncredit	-		-
2. Credit	65		65
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	955		955
b. Daily Census Contact Hours	131		131
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	66		66
b. Credit	210		210
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Contact Hours	337		337
b. Daily Census Contact Hours	2		2
c. Noncredit Independent Study/ Distance Education Courses	-		-
D. Total FTES	<u>1,872</u>	<u>-</u>	<u>1,872</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	45		45
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	31		31
b. Credit	38		38
<u>CCFS 320 Addendum</u>			
CDCP	-		-
Centers FTES			
a. Noncredit	-		-
b. Credit	-		-

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION

For the Year Ended June 30, 2012

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
1100	\$ 2,175,233	\$ -	\$ 2,175,233	\$ 2,175,233	\$ -	\$ 2,175,233
1300	1,773,053	-	1,773,053	1,773,053	-	1,773,053
Total instructional salaries	3,948,286	-	3,948,286	3,948,286	-	3,948,286
1200	-	-	-	706,588	-	706,588
1400	-	-	-	230,982	-	230,982
Total non-instructional salaries	-	-	-	937,570	-	937,570
Total academic salaries	3,948,286	-	3,948,286	4,885,856	-	4,885,856
<u>Classified Salaries</u>						
2100	-	-	-	1,977,112	-	1,977,112
2300	-	-	-	125,405	-	125,405
Total non-instructional salaries	-	-	-	2,102,517	-	2,102,517
2200	222,843	-	222,843	222,843	-	222,843
2400	195,669	-	195,669	195,669	-	195,669
Total instructional aides	418,512	-	418,512	418,512	-	418,512
Total classified salaries	418,512	-	418,512	2,521,029	-	2,521,029
3000	1,182,088	-	1,182,088	2,698,305	-	2,698,305
4000	-	-	-	246,066	-	246,066
5000	42,999	-	42,999	1,601,922	-	1,601,922
6420	-	-	-	66,101	-	66,101
Total expenditures prior to exclusions	5,591,885	-	5,591,885	12,019,279	-	12,019,279

(Continued)

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
(Continued)

For the Year Ended June 30, 2012

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
5900	\$ 95,749	\$ -	\$ 95,749	\$ 95,749	\$ -	\$ 95,749
6441	-	-	-	20,970	-	20,970
6491	-	-	-	698	-	698
6740	-	-	-	65,560	-	65,560
5060	-	-	-	16,118	-	16,118
1000	-	-	-	66,828	-	66,828
2000	-	-	-	363,741	-	363,741
3000	-	-	-	-	-	-
4000	-	-	-	-	-	-
4100	-	-	-	-	-	-
4200	-	-	-	-	-	-
4300	-	-	-	-	-	-
4400	-	-	-	2,598	-	2,598
	-	-	-	2,598	-	2,598
5000	-	-	-	127,487	-	127,487
6000	-	-	-	-	-	-
6300	-	-	-	-	-	-
6400	-	-	-	6,083	-	6,083
6410	-	-	-	-	-	-
6420	-	-	-	6,083	-	6,083
	-	-	-	6,083	-	6,083
7000	-	-	-	-	-	-
	95,749	-	95,749	765,832	-	765,832
Total exclusions	5,496,136	-	5,496,136	11,253,447	-	11,253,447
Total for ECS 84362, 50% Law	48.84%	-	48.84%	100%	-	100%
Percent of CEE (Instructional salary cost / Total CEE)				5,626,724		5,626,724
50% of current expense of education						

Exclusions

Activities to exclude:
 Instructional staff-retirees' benefits and retirement incentives
 Student health services above amount collected
 Student transportation
 Noninstructional staff-retirees' benefits and retirement incentives
 Objects to exclude:
 Rents and leases
 Lottery expenditures
 Academic salaries
 Classified salaries
 Employee benefits
 Supplies and materials:
 Software
 Books, magazines and periodicals
 Instructional supplies and materials
 Noninstructional supplies and materials
 Total supplies and materials
 Other operating expenses and services
 Capital outlay
 Library books
 Equipment:
 Equipment - additional
 Equipment - replacement
 Total equipment
 Total capital outlay
 Other outgo
 Total exclusions
 Total for ECS 84362, 50% Law
 Percent of CEE (Instructional salary cost / Total CEE)
 50% of current expense of education

See accompanying notes to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTAL INFORMATION

1. PURPOSE OF SCHEDULES

A - Combining Statement of Net Assets by Fund and Statement of Revenues, Expenses and Change in Net Assets by Fund

These statements report the financial position and operational results of the individual funds of the District, the reconciling adjusting entries under GASB Cod. Sec. C05.101. The information is presented at the request of District management and has been derived from audited information.

B - 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 accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C - Schedule of State Financial Awards

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

D - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

E - 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 CCFS-311 to the audited financial statements.

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

INDEPENDENT AUDITORS' REPORT
ON STATE COMPLIANCE REQUIREMENTS

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

We have audited the compliance of Lake Tahoe Community College District with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2012. Compliance with the requirements of state laws and regulations is the responsibility of Lake Tahoe Community College District's management. Our responsibility is to express an opinion on Lake Tahoe Community College District's compliance based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Lake Tahoe Community College 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. Our audit does not provide a legal determination of Lake Tahoe Community College District's compliance with those requirements.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the *Chancellor's Office's California Community Colleges Contracted District Audit Manual (CDAM)*:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Gann Limit Calculation
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Open Enrollment
- Student Fees-Instructional Materials and Other Materials
- Student Fees-Health Fees and Use of Fee Funds
- Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Disabled Student Programs and Services (DSPS)
- Curriculum and Instruction
- To Be Arranged Hours (TBA)

As described in Findings 2012-02, 2012-03 and 2012-04 in the accompanying Schedule of Audit Findings and Questioned Costs, Lake Tahoe Community College District did not comply with the requirements regarding the Salaries of Classroom Instructors (50 Percent Law), Disabled Student Program and Services (DSPS) and To Be Arranged Hours (TBA). Compliance with such requirements is necessary, in our opinion, for Lake Tahoe Community College District to comply with state laws and regulations applicable to the 50 Percent Law, DSPS and TBA.

In our opinion, except for the noncompliance with the 50 Percent Law, DSPS and TBA identified in the Schedule of Audit Findings and Questioned Costs as Findings 2012-02, 2012-03 and 2012-04, Lake Tahoe Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2012.

Lake Tahoe Community College District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's responses and, accordingly, do not express an opinion on it.

This report is intended solely for the information and use of the Audit and Finance Committee, District management, the Board of Trustees, the California Community Colleges Chancellor's Office and the Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 5, 2012

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 the business-type activities and discretely presented component unit of Lake Tahoe Community College District as of and for the year ended June 30, 2012, which collectively comprise Lake Tahoe Community College District's basic financial statements, and have issued our report thereon dated December 5, 2012. 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. The financial statements of Lake Tahoe Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Lake Tahoe Community College District is responsible for establishing and monitoring effective internal control over financial reporting. In planning and performing our audit, we considered Lake Tahoe Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Tahoe Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lake Tahoe Community College District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did identify a deficiency in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2012-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Tahoe Community College District's basic financial statements are free of 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*.

Lake Tahoe Community College District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

This report is intended for the information of the Audit and Finance Committee, District management, Board of Trustees, and the Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 5, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Lake Tahoe Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lake Tahoe Community College District's major Federal programs for the year ended June 30, 2012. Lake Tahoe Community College District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Lake Tahoe Community College District's management. Our responsibility is to express an opinion on Lake Tahoe Community College District's compliance based on our audit.

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 obtained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133*. Those standards and OMB Circular A-133 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 Lake Tahoe Community College 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. Our audit does not provide a legal determination on Lake Tahoe Community College District's compliance with those requirements.

In our opinion, Lake Tahoe Community College District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Lake Tahoe Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Lake Tahoe Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Lake Tahoe Community College 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 that is more than inconsequential will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Audit and Finance Committee, District management, Board of Trustees, and the Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.



Crowe Horwath LLP

Sacramento, California
December 5, 2012

FINDINGS AND RECOMMENDATIONS

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements
noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section .510(a)? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.063, 84.007, 84.033 84.031A 84.042, 84.044	Student Financial Aid Cluster Title III - Higher Education Institutional Act TRIO Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

Type of auditor's report issued on compliance for
state programs: Qualified - Salaries of Classroom
Instructors; Disabled Student Programs
and Services; To Be Arranged hours

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

2012-01 INTERNAL CONTROLS - CHILD DEVELOPMENT FEES

Criteria

Internal Controls - Safeguarding of Assets

Condition

There exists a lack of segregation of duties over the Child Development Center. One individual is responsible for invoicing, collecting cash and preparing deposits.

Effect

Child Development revenues may be misstated and the misappropriation of assets could go undetected.

Cause

Internal controls over the Child Development Center are not effectively designed and implemented.

Fiscal Impact

Unknown.

Recommendation

Procedures should be implemented to ensure there is segregation of duties over the collection of cash and recording of revenue at the Child Development Center.

Corrective Action Plan

A secured cash collection box will be placed in the CDC and the contents of the box will be collected by Fiscal Services personnel on a scheduled basis. Fiscal Services will make the deposit of the cash to the bank. The cash will not be handled by any CDC personnel during this process.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2012-02 STATE COMPLIANCE - SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW)

Criteria

Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors".

Condition

The District completed a calculation of instructional salary cost as a percent of the total current expense of education and determined that it was less than 50 percent.

Effect

The District did not meet the Fifty Percent Law as defined in Education Code 84362 and has filed an application for exemption from the Fifty Percent Law as allowed under Education Code 84362.

Cause

The District's cost for the salary of classroom instructors was less than 50 percent of the current expense of education.

Fiscal Impact

Not determinable.

Recommendation

The District should continuously monitor its current expense of education and ensure that the District will meet the requirements of Education Code 84362.

Corrective Action Plan

The District was aware of their non-compliance with the 50 Percent Law and on September 13, 2012, submitted a Board approved Application for Exemption from the Fifty Percent Law (CCFS-350A) to the California State Chancellor's Office.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2012-03 STATE COMPLIANCE - DISABLED STUDENTS PROGRAM AND SERVICES (DSPS)

Criteria

Title 5 Section 56022 states: "An up-to-date SEC (Student Education Contract) for the current year, signed by the student and the DSPS professional staff person, should be available in the file of each student receiving services paid through the DSPS office. Also, student in non-credit classes should have included in their SEC a detailed description of the criteria used to evaluate the student's measurable progress."

Condition

The DSPS program did not formally document updated Student Education Contracts for nine students served by DSPS.

Effect

The extrapolated error resulted in the District being out of compliance for 90 out of the 120 students served by DSPS.

Cause

The District used an electronic system for a majority of the students and did not obtain physical student signatures or other evidence that the SEC contract was updated and reviewed with the student.

Fiscal Impact

Not determinable.

Recommendation

We recommend the District implement procedures to ensure SEC contracts are signed by the student and the counselor.

Corrective Action Plan

The current SEC form will be reviewed and revised as needed. The DRC will schedule regular appointments with all active DRC students to review and sign SECs annually, with full compliance expected by the end of Fall 2013.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2012-04 STATE COMPLIANCE - TO BE ARRANGED HOURS (TBA)

Criteria

Districts are required to list TBA hours in the schedule of classes, and describe them in the course outline.

Condition

The District's annual catalog did not specifically disclose required TBA hours for its one census based course with TBA hours.

Effect

The District is not in compliance with State requirements for TBA.

Cause

Proper procedures are not in place to ensure compliance with State requirements.

Fiscal Impact

Not determinable.

Recommendation

We recommend the District implement procedures to ensure all census based courses with TBA hours list the TBA hours in the schedule of classes and describe them in the annual catalog.

Corrective Action Plan

The District will ensure that TBA hours will be listed in both the Schedule of Classes and General Course Catalog in the future.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2012

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2011-01 Internal Controls - Child Development Center</p> <p>There exists a lack of segregation of duties over the Child Development Center. One individual is responsible for invoicing, collecting cash and preparing deposits.</p> <p>Procedures should be implemented to ensure there is segregation of duties over the collection of cash and recording over revenue at the Child Development Center.</p>	Not implemented.	See Schedule of Findings and Questioned Costs, 2012-01
<p>2011-02 State Compliance - Instructional Materials and Health Fees</p> <p>District does not advise students of the exemptions from payment of health fees nor does it have a process in place for students to claim an exemption.</p> <p>The District should ensure a process is in place for students to claim exemptions for payment of health fees and that process is communicated through the annual course catalog.</p>	Implemented.	