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LAKE TAHOE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

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OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Lake Tahoe Community College Foundation), and the aggregate remaining fund information of Lake Tahoe Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No. 91, *Conduit Debt Obligations*; GASB Statements No., 92, *Omnibus 2020*; GASB Statements No., 93, *Replacement of Interbank Offered Rates (IBOR)*; GASB Statements No., 94, *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statements No., 96, *Subscription-based Information Technology Arrangements*; for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 7, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis of Lake Tahoe Community College District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023, including comparative information for the year ended June 30, 2022. 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 13, 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 standards.

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

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

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

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

Financial Highlights

- The 2022-23 State Budget Act was signed on June 30, 2022. This state budget was shaped by continued economic recovery from the Covid-related recession. This is reflected in a 17% increase in state expenditures over the 2021-22 enacted budget. The funding for community colleges focuses on support for technology modernization and to increase student services programs, as well as deferred maintenance and energy efficiency projects. Additionally, the state is providing continued funding to address issues related to the pandemic. The COLA for FY22-23 is 6.56%.

- The Board of Trustees' contingency reserve was designated in the Adopted Budget at 16.55% of budgeted unrestricted appropriations ($3,728,962). As of June 30, 2023, the ending unrestricted fund balance was $4,515,550 or 19.71% of FY21-22 unrestricted appropriations. Board policy 6305 was updated to create a ceiling of 20% reserves target to ensure sufficient cash flow to cover salaries and minimal other expenditures in times of emergencies. In addition to the General Fund Reserves, LTCCD held reserves in other funds for the following purposes.

- Child Development Center (Fund 33) - $8,331 was assigned for unanticipated declining revenue as well as unexpected expenses.

Financial Highlights, continued

- Capital Projects Fund (Fund 41) - $790,976 was assigned to reserves for capital projects.

- Capital Project Fund for University Center (Fund 44) - $200,000 was assigned to reserves for deferred maintenance as required by the donation as well as an additional $183,927 for equipment replacement.

- Community Play Consortium, a JPA between Lake Tahoe Community College and the City of South Lake Tahoe (Fund 59) - $437,500 was assigned to reserves to include $42,500 for equipment replacement, $385,000 for synthetic field maintenance, and $10,000 for sod replacement.

- Self-Insurance Fund (Fund 61) - $80,000 was assigned to fund the District share of property/liability claims.

- Retiree Health Benefits Fund (Fund 69) – $250,000 was assigned at June 30, 2016 with the additional reserve of $350,000 for the STRS/PERS reserve transferred from Fund 11.

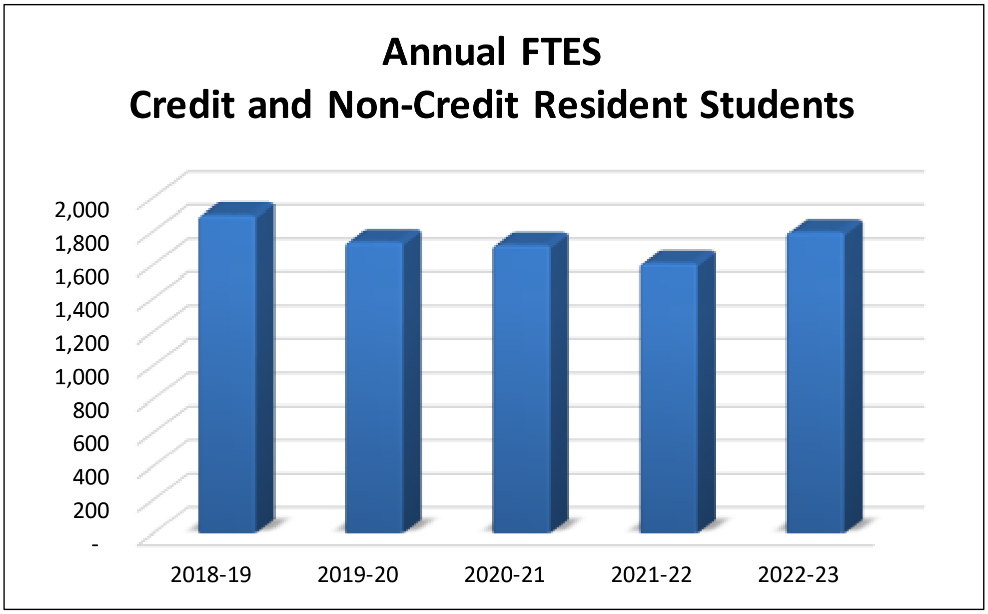
- Other Post-Employment Benefits (Fund 79) - $1,672,658 was assigned to this reserve for retiree benefits.

- LTCC has obtained a number of grants to support student enrollment and instruction of which many are state based. The FY21-22 restricted general fund budget continues to increase as LTCC receives money to be used for specific purposes. Throughout fiscal years 19-20, 20-21, 21-22, and 22-23 the District has been authorized to receive $4,104,480 in funding through the HEERF grant for higher education institutions (also known as the CARES act). This includes $1,522,445 in funding for direct aid to students, and $2,582,035 in funding for the District as an institution. The purpose of the student aid portion of the HEERF funding is to support students who were directly impacted by the disruption of campus operations due to COVID-19. The purpose of the institutional portion of the HEERF funding is to support expenses related to COVID-19 needed to continue campus operations. In FY22-23, the District received and spent $224,253 in institutional funding, and also received and distributed $469,884 in funding directly to students.

- Fiscal Year 2022-23 saw an increase in full-time equivalent students (FTES). The FY22-23 adopted budget was based on an emergency conditions allowance (ECA) funding level at 1,943 FTES; however, actual FTES were 1,807 at year-end due to the continued effects of COVID-19 and the Caldor Fire on enrollment. While the ECA issued by the Chancellor's Office due to COVID-19 expired in 21-22, the District was provided a separate ECA due to the effects of the Caldor fire. The reportable FTES, per the ECA, was 1942.95. The district has been taking a conservative approach to projecting FTES for prior years. With the implementation of the new funding formula in FY18-19, reviewing and anticipating FTES will still be required as it makes up the majority of the apportionment from the state, but now there are two additional areas for the district to monitor and plan related to equity and student success. As with the prior year, there are numerous factors in play related to dual enrollment, ISAs, and International students that will affect the ending FTES number. While challenging, the district has created a schedule that emphasizes efficiency while maintaining opportunities for students to complete their courses of study.

Financial Highlights, continued

The following chart illustrates total credit and noncredit FTES reported on the CCFS-320 Annual Student Attendance Report. Total actual FTES increased by 187 or 12 percent, from FY 2021-22 to FY 2022-23.



Ancillary Programs

- The Child Development Center (CDC) was designed with the idea of service for the child, the child's family, LTCC and the community. The CDC also provides training for students interested in becoming teachers of children through observation and on-site participation. The operating surplus in fiscal year 2022-23 was $32,185, which was the result of a $222,138 subsidy from the general fund.

- A Community Education program was launched in 2011-12 to meet the needs of community members affected by the new repeatability regulations and those desiring enrichment courses. These courses are not subsidized by State apportionment and are instead funded solely by enrollment fees. In 2022-23, this program generated $555,238 in revenue and provided over 148 workshops to approximately 1,651 participants.

Statement of Net Position

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

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 68,083,282	$ 25,840,052	$ 42,243,230
Noncurrent assets	74,772,746	64,463,233	10,309,513
Deferred outflows of resources	7,034,370	4,542,778	2,491,592
Total Assets and Deferred Outflows of Resources	149,890,398	94,846,063	55,044,335
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	10,194,021	7,680,242	2,513,779
Noncurrent liabilities	61,984,670	55,686,354	6,298,316
Deferred inflows of resources	3,404,679	8,841,687	(5,437,008)
Total Liabilities and Deferred Inflows of Resources	75,583,370	72,208,283	3,375,087
NET POSITION			
Invested in capital assets, net of related debt	31,823,347	30,235,010	1,588,337
Restricted	51,240,281	2,192,406	49,047,875
Unrestricted	(8,756,600)	(9,789,636)	1,033,036
Total Net Position	$ 74,307,028	$ 22,637,780	$ 51,669,248

- Total assets and deferred outflows of resources for the District increased by 58.04% in fiscal year 2022-23 from the previous fiscal year.

- Cash and cash equivalents increased by 241.80% in fiscal year 2022-23 from the previous fiscal year.

- Receivables decreased 67.65% year over year primarily due to apportionments and grants.

- Included in capital assets are the net values of buildings, land and equipment. The capitalization threshold is $5,000 or higher based upon original acquisition cost and capital assets by nature must have a life of longer than one year. Capital assets increased 16.60% due to construction in process, and completed projects offset by annual depreciation expense.

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

Statement of Net Position, continued

- Accounts payable amounts decreased 33.20%. As with every year end it is our intent to request, receive and process invoices prior to year-end deadlines; however, this heavily relies on the vendors used. The decrease in FY22-33 is the result of our efforts to get all invoices paid prior to year-end deadlines.

- Accrued payroll decreased 4.10% due to variations in scheduling that shift the number of sections and days of wages earned in June but not paid until July 2023.

- Unearned revenue increased 73.37% over last year. The largest deferrals are COVID-19 Recovery Block Grant of $1,197,000, Retention and Enroll Outreach (SB85) of $425,352, Learning Aligned Employment Program of $341, 745, Strong Workforce Regional of $325,659, Technology and Data Security of $320,033, Physical Plant & Institution Support of $314,110, and Strong Workforce Loal of $308,366. Compensated absences represent the dollar value of accrued vacation leave, compensatory time and banked faculty load. They are classified as a "non-current" liability as we cannot predict the amount that will be paid out in the subsequent year.

- Long-term debt consists of retiree health benefits payable, early retirement incentives, and the principal portion of financing capital projects. Banked faculty load remained about the same as the previous year. Long-term debt is reported both under current and non-current liabilities. The total long-term debt, including current and non-current portion, increased by 12.18%. These changes are primarily due to increases in the net pension liability for 2022-23.

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

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

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

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

Statement of Revenues, Expenses and Change in Net Position

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

	2023	2022	Change
OPERATING REVENUES			
Tuitition and fees	$ 2,634,699	$ 2,202,968	$ 431,731
Grants and contracts, non-capital	13,458,097	12,225,669	1,232,428
Total Operating Revenues	16,092,796	14,428,637	1,664,159
OPERATING EXPENSES			
Salaries and benefits	21,241,111	18,306,581	2,934,530
Supplies, materials, and other operating expenses	8,874,933	8,704,438	170,495
Student financial aid	2,880,332	2,368,917	511,415
Depreciation	3,019,825	2,926,244	93,581
Total Operating Expenses	36,016,201	32,306,180	3,710,021
Operating Loss	(19,923,405)	(17,877,543)	(2,045,862)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, non-capital	15,175,252	11,795,821	3,379,431
Local property taxes, non-capital	5,903,849	5,409,824	494,025
State taxes and other revenues	47,433	48,211	(778)
Investment income, non-capital	183,410	(1,052,297)	1,235,707
Investment income, capital	575,928	1,126,379	(550,451)
Interest expense on capital asset-related debt	(1,573,754)	(1,565,242)	(8,512)
Transfers to fiduciary funds	(231,775)	(174,003)	(57,772)
Total Non-Operating Revenues (Expenses)	20,080,343	15,588,693	4,491,650
OTHER REVENUES (EXPENSES)			
State and local capital income	49,328,374	4,299,397	45,028,977
Local property taxes and other revenues, capital	2,183,936	2,071,603	112,333
Total Other Revenues	51,512,310	6,371,000	45,141,310
Change in Net Position	51,669,248	4,082,150	47,587,098
NET POSITION, BEGINNING OF YEAR	22,637,780	18,555,630	4,082,150
PRIOR PERIOD ADJUSTMENT	-	-	-
NET POSITION, END OF YEAR	$ 74,307,028	$ 22,637,780	$ 51,669,248

- As reported in the statement of revenues, expenses, and changes in net position on page 14 of this report, the cost of all the District's governmental activities this year was $36,016,201. The amount funded through local taxpayers by means of property taxes and other revenue was $8,087,785; an increase of 8.11% from the previous fiscal year. Unrestricted state apportionment totaled $15,175,252, an increase of 28.65% from prior year.

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

- Net tuition and fees increased 19.60% in fiscal year 2022-23 due to a combination of factors. The District saw an increase in FTES of 11.61% (from 1610 to 1797), including continued increases to out of state tuition, resulting in increased fees collected.

- Total operating expenses increased approximately 11.48% from the previous fiscal year with the largest increases occurring in salaries and benefits primarily due to OPEB reporting and in STRS and PERS liabilities associated with pension plans. Additionally, the District provided a one-time 5% increase to all salaries at the start fiscal year 2022-23 to help offset the increase in cost of living for employees. The non-operating interest expense reflects the interest cost of the general obligation bonds.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps readers assess the District's ability to generate net cash flows, its ability to meet its obligations and its need for external financing.

Cash Provided by (Used in)	2023	2022	Change
Operating activities	$ (12,115,464)	$ (18,060,502)	$ 5,945,038
Noncapital financing activities	21,145,742	19,086,659	2,059,083
Capital financing activities	37,253,150	8,204,726	29,048,424
Investing activities	183,410	(1,052,297)	1,235,707
Net Increase (Decrease) in Cash	$ 46,466,838	$ 8,178,586	$ 38,288,252

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

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

Factors That May Affect the Future

The State of California adopted its 2023-24 budget as per statutory law on time for the thirteenth consecutive year. The 23-24 state budget increased funding for community colleges through a combination of ongoing and one-time funds. This includes a COLA increase of 8.22% to the student centered funding formula and various categorical programs, as well as a one-time investment to support college efforts to increase student retention rates and enrollment. However, the budget also reduced allocations of deferred maintenance funds from 2022-23. The effects of the State budget were as follows:

- Of utmost importance is the new funding formula, which was implemented beginning in July 2018. It has 3 main components: a base allocation, a supplemental allocation, and a student success allocation. The state included a three-year average on the FTES portion of the allocation to provide a sense of stability. Beginning 2020-21, the Student Success allocation is now calculated on a three year average. This will provide stability in calculating the allocation.

- The District has recently been approved for several federal grants, due to the addition of a Director of Government Relations and Grant Development. This position is dedicated to finding, applying for, and advocating for grants that will allow the District to continue to support our students. Federal grants recently approved include:
    - $1,219,300 from the Good Jobs Challenge, to be spent over 4 years
    - $1,401,765 from TRIO Upward Bound, to be spent over five years
    - $1,669,000 via two awards from Congressionally Directed Spending, to be spent over 3 years each.

- While health and welfare costs have increased for most of the country, the District has managed to keep costs flat for the past six years, and only has a modest increase of 11% in Health and Welfare for 2023-24. The District has negotiated options to add benefits while still controlling the employer cost of the health plans, including having employees cover the cost differential of any plan that exceeds the Health and Welfare cap of $19,530.

- The District established a separate Retiree Benefit Fund, Fund 69, in 2012-13 and will continue to prefund the costs of retiree benefits into 2023-24. In addition, the District established an Other Post Retirement Benefits Trust Fund (OPEB), Fund 79. The transfer to Fund 79 for 2022-23 was $231,775, and the District anticipates a similar transfer for 2023-24. The funds transferred to the OPEB trust will be invested and are permanently restricted for the purpose of providing future post-retirement benefits.

- Projected increases to Public Employees Retirement System (PERS) and State Teachers Retirement System (STRS) will impact the District's budget in future years. The PERS employer contribution rate has increased yearly from 20.70% in FY20-21, to 22.91% in FY21-22, to 25.37% in FY22-23, to 26.68% in FY23-24. The STRS employer contribution rate increased yearly from 16.15% in FY20-21, to 16.92% in FY21-22, to 19.10% in FY 22-23, but remained flat at 19.10% for FY23-24. STRS rates are expected to increase in the coming years. This large increase in retirement contributions will continue to present challenges for community colleges.

Factors That May Affect the Future, continued

- The college has strategically reviewed the ending fund balance along with reserves to ensure a stable future for the college. Through additional funding and conservative spending, the EFB was 19.71% followed by a slightly lower projected EFB of 18.81%, for FY23-24. The Board of Trustees' contingency reserve was designated in the Adopted Budget at 16.55% of budgeted unrestricted appropriations ($3,728,962). As of June 30, 2023, the ending unrestricted fund balance was $4,515,550 or 19.71% of FY22-23 unrestricted appropriations. Board policy 6305 was updated to create a ceiling of 20% reserves target to ensure sufficient cash flow to cover salaries and minimal other expenditures in times of emergencies. In addition to the General Fund Reserves, LTCCD held reserves in other funds to cover significant STRS and PERS increases, replacement and repair of equipment needed to operate the campus.

- Full-time equivalent students (FTES) has been one of the college's biggest challenges. The district saw a dramatic decrease in enrollment at the start of the COVID-19 pandemic, with slight increases in the next few years to levels still below pre-pandemic. Enrollment levels in 22-23 and 23-24 show strong positive enrollment growth trends. Although the district takes a conservative approach when anticipating FTES, enrollment is expected to recover and surpass pre-pandemic levels. The new funding formula requires a new approach to planning. Reviewing and anticipating FTES will still be required in the future, as it makes up the majority of the apportionment from the state, but now there are two additional areas for the district to monitor and plan related to equity and student success. The college needs to remain diversified in the FTES from face-to-face, online, in-service contracts and incarcerated programs.

- The passage of Measure F, a $55 million dollar Proposition 39 general obligation bond, will provide funding for maintenance and repair and modernization of existing facilities as well as the construction of new facilities. In August 2015, the district executed the first bond issuance, Series A, for $19,000,000. A second issuance, Series B, was executed in February 2018 for $15,000,000 and will fund projects approved by the board of trustees to take place through the 2021-22 academic year. Series C bonds funds were received in the amount of $14,000,000 and will be primarily used for the modernization of the existing facilities. Series A of the bond allowed for the prepayment of the outstanding $1,395,000 in lease revenue bonds in 2016-17 that were used to construct the Library building. Paying down the bonds has freed up approximately $140,000 annually from the general fund that would have been used to pay the principal and interest on these bonds. Additionally, funds that would have been necessary to pay for the maintenance and repair of aging facilities will be freed up for other purposes. The modernization of the facilities will also result in significant savings in utility expenses as inefficient boilers and electrical systems are replaced with more energy efficient equipment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2023

ASSETS		
Current Assets:		
Cash and investments	$	65,683,857
Accounts receivable, net		2,127,088
Prepaid expenses		63,245
Other current assets		209,092
Total Current Assets		68,083,282
Noncurrent Assets:		
Lease receivable		2,168,726
Capital assets, net		72,604,020
Total Noncurrent Assets		74,772,746
TOTAL ASSETS		142,856,028
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings		106,878
Deferred outflows related to OPEB		367,168
Deferred outflows related to pensions		6,560,324
TOAL DEFERRED OUTFLOWS OF RESOURCES		7,034,370
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	149,890,398
LIABILITIES		
Current Liabilities:		
Accounts payable	$	2,188,616
Unearned revenue		6,661,893
Due to fiduciary funds		231,775
Long-term debt, current portion		1,111,737
Total Current Liabilities		10,194,021
Noncurrent Liabilities:		
Compensated absences		455,241
Net OPEB liability		427,786
Net pension liability		19,018,043
Long-term debt, non-current portion		42,083,600
Total Noncurrent Liabilities		61,984,670
TOTAL LIABILITIES		72,178,691
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases		2,079,945
Deferred inflows related to OPEB		81,465
Deferred inflows related to pensions		1,243,269
TOTAL DEFERRED INFLOWS OF RESOURCES		3,404,679
NET POSITION		
Net investment in capital assets		31,823,347
Restricted for:		
Debt service		1,506,018
Capital projects		48,472,916
Other special purposes		1,261,347
Unrestricted		(8,756,600)
TOTAL NET POSITION		74,307,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	149,890,398

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Tuition and fees	$ 3,566,900
Less: Scholarship discounts and allowances	(932,201)
Net tuition and fees	2,634,699
Grants and contracts, non-capital	
Federal	4,558,988
State	8,519,422
Local	379,687
TOTAL OPERATING REVENUES	16,092,796
OPERATING EXPENSES	
Salaries	15,209,398
Employee benefits	6,031,713
Supplies, materials, and other operating expenses and services	8,874,933
Student aid	2,880,332
Depreciation	3,019,825
TOTAL OPERATING EXPENSES	36,016,201
OPERATING INCOME (LOSS)	(19,923,405)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	15,175,252
Local property taxes	5,903,849
State taxes and other revenues	47,433
Investment income, non-capital	183,410
Investment income, capital	575,928
Interest expense on capital asset-related debt	(1,573,754)
Transfers to fiduciary funds	(231,775)
TOTAL NON-OPERATING REVENUES (EXPENSES)	20,080,343
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	156,938
State revenues, capital	49,328,374
Local property taxes and other revenues, capital	2,183,936
TOTAL OTHER REVENUES	51,512,310
CHANGE IN NET POSITION	51,669,248
NET POSITION, BEGINNING OF YEAR	22,637,780
NET POSITION, END OF YEAR	$ 74,307,028

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,491,449
Grants and contracts	15,963,447
Payments to students	(2,880,332)
Payments to vendors	(6,333,654)
Payments to employees	(21,690,020)
Other operating receipts (payments)	333,646
Net Cash Provided (Used) by Operating Activities	(12,115,464)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	15,194,460
Local property taxes	5,903,849
State taxes and other apportionments	47,433
Net Cash Provided (Used) by Non-capital Financing Activities	21,145,742
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	49,328,374
Purchase of capital assets	(13,357,581)
Local property taxes for capital purposes	2,183,936
Principal paid on capital debt	(485,000)
Interest received on capital debt	575,928
Interest paid on capital debt	(992,507)
Net Cash Provided (Used) by Capital Financing Activities	37,253,150
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	183,410
Net Cash Provided (Used) by Investing Activities	183,410
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	46,466,838
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	19,217,019
CASH & CASH EQUIVALENTS, END OF YEAR	$ 65,683,857

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(19,923,405)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		3,019,825
Changes in Assets and Liabilities:		
Accounts receivables, net		4,429,113
Prepaid expenses		(46,434)
Other current assets		(178,279)
Lease receivable		28,243
Deferred outflows of resources		(2,496,238)
Accounts payable and accrued liabilities		(1,740,670)
Unearned revenue		2,819,336
Compensated absences		35,055
Net pension liability		7,449,597
Net OPEB liability		(74,599)
Deferred inflows of resources		(5,437,008)
Total Adjustments		7,807,941
Net Cash Flows From Operating Activities	$	(12,115,464)

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Amortization of premiums on debt	$	76,214
On-behalf payments for benefits	$	426,203
Board of Governors fee waviers	$	932,201

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Retiree OPEB Trust	Trust Funds
ASSETS		
Cash and cash equivalents	$ 2,231,589	$ 8,485
Accounts receivable, net	-	3,500
Total Assets	2,463,364	11,985
NET POSITION		
Unreserved	2,463,364	11,985
Total Net Position and Liabilities	$ 2,463,364	$ 11,985

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Retiree OPEB Trust	Trust Funds
OPERATING REVENUES:		
Student fees	$ -	$ 33,005
Interest and investment income	156,763	-
Total Operating Revenues	156,763	33,005
OPERATING EXPENSES:		
Other operating expenses	3,065	30
Total Operating Expenses	3,065	30
OTHER FINANCING SOURCES		
Operating transfers in	231,775	-
Total Other Financing Sources	231,775	(31,322)
Net Change in Net Position	385,473	1,653
Net Position - Beginning of Year	2,077,891	10,332
Net Position - End of Year	$ 2,463,364	$ 11,985

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,383,586
Accounts receivable		27,461
Other current assets		25,063
Total Current Assets		1,436,110
Noncurrent Assets		
Investments		3,448,747
TOTAL ASSETS	$	4,884,857
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	53,837
Deferred revenue		85,518
Total Current Liabilities		139,355
TOTAL LIABILITIES		139,355
NET ASSETS		
Without donor restrictions		1,296,755
With donor restrictions		3,448,747
TOTAL NET ASSETS		4,745,502
TOTAL LIABILITIES AND NET ASSETS	$	4,884,857

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES			
Donations	$ 338,636	$ 542,694	$ 881,330
Special events, net	131,761	1,000	132,761
Interest and dividends, net	1,509	93,931	95,440
Unrealized gains/(loss)	-	-	-
In-kind donations	2,833	-	2,833
Assets released from restrictions	738,273	(738,273)	-
Total Revenues	1,213,012	(100,648)	1,112,364
EXPENSES			
Operating expenses	26,188	-	26,188
Program expenses	419,776	-	419,776
Fundraising expenses	170,502	-	170,502
Total Expenses	616,466	-	616,466
CHANGE IN NET ASSETS	596,546	(100,648)	495,898
NET ASSETS, BEGINNING OF YEAR	700,209	3,549,395	4,249,604
NET ASSETS, END OF YEAR	$ 1,296,755	$ 3,448,747	$ 4,796,401

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOW FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 495,898
Adjustments to Reconcile Change in Net Assets	
To Net Cash Used by Operating Activities	
Change in Assets and Liabilities	
Accounts receivable	(10,315)
Other current assets	7,042
Accounts payable	(43,708)
Deferred revenues	(1,642)
Net Cash Flows From Operating Activities	447,275
CASH FLOW FROM INVESTING ACTIVITIES	
Net changes from sales and maturities of investments	(276,067)
Net Cash Flows From Investing Activities	(276,067)
NET CHANGE IN CASH AND CASH EQUIVALENTS	171,208
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,212,378
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,383,586

NOTE 1 – ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

- Lake Tahoe Community College Foundation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Reporting Entity, continued

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2023, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The allowance was estimated at $191,553 for the year ended June 30, 2023.

Prepaid Expenses

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

Debt Issuance Costs, Premiums, and Discounts

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

Lease Receivable

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets and Depreciation

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Liabilities and Long-Term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the current year pension and OPEB contributions. The district reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Compensated Absences

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $72,725,872 of restricted net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses

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

> **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
>
> **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

State Apportionments

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

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

Scholarships, Discounts, and Allowances

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

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

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to CalSTRS and CalPERS on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on-behalf payments within the funds and accounts of a district. The amount of the on-behalf payments made for the District for the year ended June 30, 2023, was $426,203 for CalSTRS. There were no contributions during 2022-23 for CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

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

Interfund Activity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foundation Financial Statement Presentation

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principle

Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Summary of Deposits and Investments

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

Primary Government	
Cash on hand and in banks	$ 2,654,931
Cash in revolving	10,600
Investments	63,018,326
Total Deposits and Investments	$ 65,683,857

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

Fiduciary Funds	
Cash on hand and in banks	$ 8,484
Investments	2,231,590
Total Deposits and Investments	$ 2,240,074

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Days to Maturity
Money market master trust	$ 2,055,771	Not applicable
County Investment Pool	63,056,713	689 days
State Investment Pool	137,432	260 days
Total	$ 65,249,916	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2023.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, approximately $2,168,315 of the District's bank balance of $2,654,931 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Money market master trust	$ 2,055,771	$ -	$ 2,055,771	$ -	$ -
County Investment Pool	63,056,713	-	-	-	63,056,713
State Investment Pool	137,432	-	-	-	137,432
Total	$ 65,249,916	$ -	$ 2,055,771	$ -	$ 63,194,145

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

NOTE 5 - ACCOUNTS RECEIVABLE

Primary Government

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

	Primary Government
Federal Government	
Categorical Aid	$ 124,615
State Government	
Categorical Aid	53,505
Lottery	57,245
Local Sources	
Student Receivables	849,590
Other Local Sources	1,042,133
Total	$ 2,127,088

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

Allowance calculation parameters:

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

NOTE 6 – LEASE RECEIVABLE AND ARRANGEMENTS

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on the noncancellable lease at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 30,590	$ 64,645	$ 95,235
2025	33,032	63,694	96,726
2026	35,572	62,668	98,240
2027	38,213	61,565	99,778
2028	40,959	60,381	101,340
2029-2033	249,905	281,095	531,000
2034-2038	336,456	237,429	573,885
2039-2043	440,724	179,510	620,234
2044-2048	565,873	104,453	670,326
2049-2051	397,402	18,261	415,663
Total	$ 2,168,726	$ 1,133,701	$ 3,302,427

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

NOTE 7 - CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 1,120,983	$ -	$ -	$ 1,120,983
Collections	145,000	-	-	145,000
Construction in progress	19,367,509	13,357,580	8,149,735	24,575,354
Total Capital Assets Not Being Depreciated	20,633,492	13,357,580	8,149,735	25,841,337
Capital Assets Being Depreciated				
Land improvements	13,521,103	756,135	-	14,277,238
Building improvements	9,313,936	520,692	-	9,834,628
Buildings	44,909,964	6,530,249	-	51,440,213
Equipment	5,492,939	342,660	-	5,835,599
Total Capital Assets Being Depreciated	73,237,942	8,149,736	-	81,387,678
Total Capital Assets	93,871,434	21,507,316	8,149,735	107,229,015
Less Accumulated Depreciation				
Land improvements	4,449,385	1,150,596	-	5,599,981
Building improvements	3,603,065	828,405	-	4,431,470
Buildings	19,064,477	878,111	-	19,942,588
Equipment	4,488,243	162,713	-	4,650,956
Total Accumulated Depreciation	31,605,170	3,019,825	-	34,624,995
Net Capital Assets	$ 62,266,264	$ 18,487,491	$ 8,149,735	$ 72,604,020

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Construction	$ 391,369
Interest payable	652,815
Accrued payroll and related liabilities	638,013
Other	506,419
Total	$ 2,188,616

NOTE 9 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
State Categorical Aid	$ 5,551,094
Enrollment Fees	511,156
Other Local	599,643
Total	$ 6,661,893

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2023, the was no amount owed between the primary government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2023 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $231,775.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2023 fiscal year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	$ 41,825,000	$ -	$ 485,000	$ 41,340,000	$ 580,000
Premiums, net	1,915,822	-	76,214	1,839,608	76,214
Total Bonds	43,740,822	-	561,214	43,179,608	656,214
Other Long-Term Liabilities					
Compensated absences	420,186	35,337	-	455,523	455,523
Banked Faculty Load	15,729	-	282	15,447	-
Total Other Long-Term Liabilities	435,915	35,337	282	470,970	455,523
Total Long-Term Obligations	$ 44,176,737	$ 35,337	$ 561,496	$ 43,650,578	$ 1,111,737

Description of Debt

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

The 2014 Series A general obligation bonds lease revenue bonds were issued on August 5, 2016 in the amount of $19,000,000 to finance the capital outlay projects. At June 30, 2023, $15,390,000 of the bonds were outstanding. The general obligations bonds mature through August 2045. Interest rates range from 2.00 - 5.00 percent.

The 2014 Series B general obligation bonds lease revenue bonds were issued on February 13, 2018 in the amount of $15,000,000 to finance the capital outlay projects. At June 30, 2023, $13,995,000 of the bonds were outstanding. The general obligations bonds mature through August 2049. Interest rates range from 4.00 - 5.00 percent.

NOTE 11 - LONG-TERM OBLIGATIONS, continued

Debt Maturity

General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	$ 580,000	$ 1,555,156	$ 2,135,156
2025	125,000	1,541,056	1,666,056
2026	160,000	1,535,356	1,695,356
2027	195,000	1,528,256	1,723,256
2028	395,000	1,517,606	1,912,606
2029-2033	3,510,000	7,240,413	10,750,413
2034-2038	6,810,000	6,085,291	12,895,291
2039-2043	11,200,000	4,326,413	15,526,413
2044-2048	15,510,000	1,959,094	17,469,094
2049	2,855,000	57,100	2,912,100
Total	$ 41,340,000	$ 27,345,741	$ 68,685,741

Compensated Absences

At June 30, 2023, the liability for compensated absences was $455,523.

Banked Faculty Load

The District calculated the total long-term portion of banked faculty load as of June 30, 2023 at $15,447. The unfunded faculty banked leave is included in the entity-wide statements.

NOTE 12 – POSTEMPLOYMENT BENEFITS

Other Postemployment Benefit Plan Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	$ 427,786	$ 367,168	$ 81,465	$ (371,132)

District Plan

Plan Administration

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

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

Plan Membership

At the June 30, 2022 measurement date, the Plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	11
Active Employees	112
	123

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

Retiree Health Benefit OPEB Trust

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

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Faculty and Classified bargaining unions (CCA/CTA/NEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and its bargaining units. For fiscal year 2022-23, the District contributed $57,874 to the Plan.

Investment

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	29%	7.55%
US Small Cap	13%	7.55%
All Foreign Stock	9%	7.55%
Other Fixed Income	49%	3.00%
Total	100%	

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

Concentration

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2023, investments in a master trust represents 100 percent of the total investment.

Rate of Return

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 20.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivable

The OPEB Plan reported receivables from long-term contracts with the District for contributions. The contribution receivable as of June 30, 2023 was $231,775.

Net OPEB Liability of the District

The District's net OPEB liability of $427,786 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	$ 2,331,944
Plan fiduciary net position	1,904,158
District's net OPEB liability	$ 427,786
Plan fiduciary net position as a percentage of the total OPEB liability	82%

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.55%
Investment rate of return	5.75%
Discount rate	5.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and schools employees were used.

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

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

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2021	$ 2,248,631	$ 1,746,246	$ 502,385
Changes for the year:			
Service cost	163,785	-	163,785
Interest	128,011	-	128,011
Employer contributions	-	602,907	(602,907)
Expected Investment income	-	111,685	(111,685)
Investment gains/losses	-	(345,960)	345,960
Administrative expense	-	(2,237)	2,237
Expected benefit payments	(208,483)	(208,483)	-
Net change	83,313	157,912	(74,599)
Balance June 30, 2022	$ 2,331,944	$ 1,904,158	$ 427,786

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

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

	Discount Rate 1% Lower (4.75%)	Current Discount Rate (5.75%)	Discount Rate 1% Higher (6.75%)
Net OPEB liability	$ 594,788	$ 427,786	$ 272,907

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

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

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 180,093	$ 427,786	$ 716,315

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

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

For the year ended June 30, 2023, the District recognized OPEB benefit of $371,132. At June 30, 2023, the District reported deferred outflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 159,075	$ -
Differences between expected and actual experience	91,740	81,465
Change in assumptions	116,353	-
	$ 367,168	$ 81,465

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 50,054
2025	49,987
2026	45,924
2027	87,886
2028	18,694
Thereafter	33,158
	$ 285,703

NOTE 13 – RISK MANAGEMENT

Property and Liability Insurance Coverages

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

Joint Powers Authority Risk Pools

During the fiscal year ended June 30, 2023, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance and with Protected Insurance Program for Schools and Community Colleges for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 13 – RISK MANAGEMENT

Workers' Compensation

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

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

Employee Medical Benefits

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

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2023, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 5,305,113	$ 1,447,653	$ 902,073	$ 440,467
CalPERS	13,712,930	5,112,671	341,196	2,153,099
Total	$ 19,018,043	$ 6,560,324	$ 1,243,269	$ 2,593,566

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $978,721.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	5,305,113
State's proportionate share of the net pension liability associated with the District		2,656,817
Total	$	7,961,930

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021 was 0.0076 percent and 0.0078 percent, respectively, resulting in a net decrease in the proportionate share of 0.0002 percent. For the year ended June 30, 2023, the District recognized pension expense of $440,467. In addition, the District recognized pension expense (benefit) of ($198,709) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 259,599
Differences between expected and actual experience	4,352	397,708
Changes in assumptions	262,898	-
Net changes in proportionate share of net pension liability	201,682	244,766
District contributions subsequent to the measurement date	978,721	-
Total	$ 1,447,653	$ 902,073

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (7,666)
2025	(274,049)
2026	(428,104)
2027	349,917
2028	(54,992)
Thereafter	(18,247)
	$ (433,141)

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 9,010,050	$ 5,305,113	$ 2,228,902

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit, Safety] provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $1,727,677.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $13,712,930. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021 was 0.0399 percent and 0.0393 percent, respectively, resulting in a net increase in the proportionate share of 0.0006 percent.

For the year ended June 30, 2023, the District recognized pension expense of $2,153,099. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 1,619,123	$ -
Differences between expected and actual experience	61,974	341,196
Changes in assumptions	1,014,405	-
Net changes in proportionate share of net pension liability	689,492	-
District contributions subsequent to the measurement date	1,727,677	-
Total	$ 5,112,671	$ 341,196

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 899,132
2025	763,883
2026	364,355
2027	1,016,428
	$ 3,043,798

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 19,809,022	$ 13,712,930	$ 8,674,734

Tax Deferred Annuity

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

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions, in addition to contributions from Senate Bill 90, to CalSTRS for the fiscal years ended June 30, 2023, 2022, and 2021, which amounted to $426,203, $504,398, and $432,386, respectively. There were no contributions for CalPERS for the year ended June 30, 2023, 2022 and 2021. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

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

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

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

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2023, the District made payments of $362,758 to the Statewide Association of Community Colleges, $3,120,441 to the Tri-County School Insurance Group, $389,396 to Protected Insurance Program for Schools and Community Colleges, and $1,363,693 to South Bay Regional Public Safety.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Accreditation

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued

Financial Condition

The District receives funding based on full-time equivalent students (FTES). District wide there were slightly fewer FTES in fiscal year 2022-23, however, it did grow in a few areas that will affect future funding. Restoration of FTES has changed with the implementation of the new Student Centered Funding Formula (SCFF) as the new formula uses a rolling three year average with a hold harmless clause that protects districts from the uncertainty of enrollments. A rolling three-year average ensures reductions in enrollments are less impactful to the funding of a District and the hold harmless ensures a District receives no less than the prior's funding.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects.

CAPITAL PROJECT	Remaining Construction Commitment
Equipment Storage Facility	$ 1,186,016
Remodeling for Efficiency and Science Modernization	2,488,337
Building Security	9,882
Student Housing	2,769,916
Bookstore/Marketplace Renovation	1,036
Window Frame Staining	50,690
Total	$ 6,505,877

REQUIRED SUPPLEMENTARY INFORMATION

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 163,785	$ 146,555	$ 142,633	$ 117,224	$ 114,087	$ 111,034
Interest	128,011	132,045	125,868	104,201	100,666	97,908
Experience gains/losses	-	(95,273)	-	139,400	-	-
Changes of assumptions	-	37,054	-	128,659	-	-
Benefit payments	(208,483)	(198,446)	(136,587)	(145,537)	(169,288)	(162,777)
Net change in total OPEB liability	83,313	21,935	131,914	343,947	45,465	46,165
Total OPEB liability, beginning of year	2,248,631	2,226,696	2,094,782	1,750,835	1,705,370	1,659,205
Total OPEB liability, end of year (a)	$ 2,331,944	$ 2,248,631	$ 2,226,696	$ 2,094,782	$ 1,750,835	$ 1,705,370
Plan fiduciary net position						
Employer contributions	$ 602,907	$ 198,446	$ 312,461	$ 533,055	$ 346,285	$ 339,774
Investment income	111,685	87,030	78,397	58,123	38,745	44,374
Investment gains/losses	(345,960)	209,810	(20,327)	(328)	3,161	-
Administrative expense	(2,237)	(2,202)	(2,035)	(1,131)	(499)	(500)
Expected benefit payments	(208,483)	(198,446)	(136,587)	(145,537)	(169,288)	(162,777)
Other	-	-	-	-	(385)	-
Change in plan fiduciary net position	157,912	294,638	231,909	444,182	218,019	220,871
Fiduciary trust net position, beginning of year	1,746,246	1,451,608	1,219,699	775,517	557,498	336,627
Fiduciary trust net position, end of year (b)	$ 1,904,158	$ 1,746,246	$ 1,451,608	$ 1,219,699	$ 775,517	$ 557,498
Net OPEB liability, ending (a) - (b)	$ 427,786	$ 502,385	$ 775,088	$ 875,083	$ 975,318	$ 1,147,872
Covered payroll	$ 4,989,840	$ 4,989,840	$ 5,148,804	$ 7,127,368	$ 6,734,675	$ 6,734,675
Plan fiduciary net position as a percentage of the total OPEB liability	82%	78%	65%	58%	44%	33%
Net OPEB liability as a percentage of covered payroll	9%	10%	15%	12%	14%	17%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 153,156	$ 208,483	$ 198,446	$ 136,587	$ 145,537	$ 169,288
Contributions in relations to the actuarially determined contribution	57,874	394,424	220,550	175,874	387,518	712,898
Contribution deficiency (excess)	$ 95,282	$ (185,941)	$ (22,104)	$ (39,287)	$ (241,981)	$ (543,610)
Covered-employee payroll	$ 4,989,840	$ 4,989,840	$ 5,148,804	$ 7,127,368	$ 6,734,675	$ 6,734,675
Contribution as a percentage of covered-employee payroll	1.16%	7.90%	4.28%	2.47%	5.75%	10.59%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0076%	0.0078%	0.0080%	0.0075%	0.0073%
District's proportionate share of the net pension liability	$ 5,305,113	$ 3,569,052	$ 7,712,753	$ 6,743,258	$ 6,753,681
State's proportionate share of the net pension liability associated with the District	2,656,817	1,795,845	3,975,892	3,678,928	3,866,984
Total	$ 7,961,930	$ 5,364,897	$ 11,688,645	$ 10,422,186	$ 10,620,665
District's covered - employee payroll	$ 4,694,557	$ 4,519,771	$ 4,482,333	$ 4,283,415	$ 4,175,990
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	113%	79%	172%	157%	162%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0399%	0.0393%	0.0369%	0.0346%	0.0334%
District's proportionate share of the net pension liability	$ 13,712,930	$ 7,999,394	$ 11,336,418	$ 10,074,143	$ 8,907,061
District's covered - employee payroll	$ 6,125,967	$ 5,664,295	$ 5,336,357	$ 4,798,710	$ 4,477,884
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	224%	141%	212%	210%	199%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0077%	0.0084%	0.0097%	0.0100%
District's proportionate share of the net pension liability	$ 7,116,278	$ 6,816,412	$ 6,551,557	$ 5,839,258
State's proportionate share of the net pension liability associated with the District	4,209,930	3,880,462	3,465,051	3,525,996
Total	$ 11,326,208	$ 10,696,874	$ 10,016,608	$ 9,365,254
District's covered - employee payroll	$ 4,082,194	$ 4,183,057	$ 4,073,148	$ 4,199,918
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	174%	163%	161%	139%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0323%	0.0306%	0.0298%	0.0303%
District's proportionate share of the net pension liability	$ 7,719,597	$ 6,050,143	$ 4,397,275	$ 3,443,400
District's covered - employee payroll	$ 4,129,676	$ 3,660,685	$ 3,265,298	$ 3,183,160
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	165%	135%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 978,721	$ 794,319	$ 729,943	$ 766,479	$ 697,340
District's contributions in relation to					
the statutorily required contribution	978,721	794,319	729,943	766,479	697,340
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,124,194	$ 4,694,557	$ 4,519,771	$ 4,482,333	$ 4,283,415
District's contributions as a percentage of					
covered-employee payroll	19.10%	17.00%	16.00%	17.00%	16.00%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 1,727,677	$ 1,403,459	$ 1,172,509	$ 1,052,383	$ 866,743
District's contributions in relation to					
the statutorily required contribution	1,727,677	1,403,459	1,172,509	1,052,383	866,743
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,809,921	$ 6,125,967	$ 5,664,295	$ 5,336,357	$ 4,798,710
District's contributions as a percentage of					
covered-employee payroll	25.37%	23.00%	21.00%	20.00%	18.00%

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 613,742	$ 538,502	$ 422,035	$ 367,178
District's contributions in relation to the statutorily required contribution	613,742	538,502	422,035	367,178
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,175,990	$ 4,082,194	$ 4,183,057	$ 4,073,148
District's contributions as a percentage of covered-employee payroll	15.00%	13.00%	10.00%	9.00%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 705,000	$ 557,038	$ 426,730	$ 364,323
District's contributions in relation to the statutorily required contribution	705,000	557,038	426,730	364,323
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,477,884	$ 4,129,676	$ 3,660,685	$ 3,265,298
District's contributions as a percentage of covered-employee payroll	16.00%	13.00%	12.00%	11.00%

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

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

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

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

Changes in Assumptions - There were no changes in assumptions since the previous valuations for CalSTRS. The discount rate as of June 30, 2021 measurement date was 7.15%, while the discount rate as of the June 30, 2022 measurement date was 6.90% for CalPERS.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Tony Sears	Clerk	December 2026
Jeff Cowen	Member	December 2026
Kerry David	Member	December 2026
Nancy Dalton	Member	December 2024
Dr. Karen Borgess	President	December 2024
Daniella Valdivia-Guzman	Student Trustee	June 2024

DISTRICT ADMINISTRATION

Jeff DeFranco
President/Superintendent

Russi Egan
Vice President of Administrative Services

Ray Gamba
Vice President of Academic Affairs

Ali Bissonnette
Dean of Instruction

Brad Deeds
Dean of Workforce Development and Instruction

Michelle Batista
Vice President of Student Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Lake Tahoe Community College Foundation	Nancy Harrison, CFRE, Executive Director	Organized as an auxiliary organization in 1955 and has a signed master agreement dated May 10, 1995.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Direct Programs:		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	$ 49,922
Federal Work Study (FWS)	84.033	25,234
Federal Pell Grants (PELL)	84.063	1,593,084
Subtotal Financial Aid Programs		1,668,240
TRIO Cluster:		
TRIO - Talent Search Program	84.044	288,939
TRIO - Upward Bound Program	84.047	265,191
Subtotal TRIO Cluster		554,130
Higher Education Emergency Relief Funds:		
COVID-19 ARP - Student Aid	84.425E	469,884
COVID-19 ARP - Institutional	84.425F	98,709
COVID-19 ARP - Minority Serving Institute	84.425L	125,544
COVID-19 ARP - IREPO	84.425P	634,291
Total Higher Education Emergency Relief Funds		1,328,428
Title III - Strengthening Institutions	84.031A	27,158
HSI STEM	84.031C	754,183
Child Development - CCAMPIS	84.335A	44,469
Passed through the California Community Colleges Chancellor's Office:		
Perkins IV Programs:		
Carl D. Perkins Career and Technical Education (CTE) Act		
CTE - Title I, Part C (Perkins IV)	84.048A	95,440
Subtotal Perkins Program		95,440
Total U.S. Department of Education		4,472,048
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the California Community Colleges Chancellor's Office:		
Temporary Assistance for Needy Families (TANF)	93.558	27,534
Total U.S. Department of Health and Human Services		27,534
U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE		
Direct Programs:		
Americorp	94.006	28,543
Total U.S. Department of National and Community Service		28,543
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Direct Programs:		
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	4,493
Total U.S. Department of Veteran Affairs		4,493
Total Federal Programs		$ 4,532,618

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Entitlements			Program Revenues				
	Current Year	Prior Year /Adjustments	Total Entitlements	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenues	Program Expenditures
Enrollment Fee Waiver Admin	$ 23,593	$ -	$ 23,593	$ 23,593	$ -	$ -	$ 23,593	$ 23,593
Part-Time Faculty Compensation	95,188	(93)	95,095	100,332	-	-	100,332	100,332
P-T Faculty Office Hours	8,986	3,507	12,493	10,004	-	-	10,004	10,004
Full Time Faculty Hiring	273,172	133,012	406,184	273,172	-	-	273,172	262,167
Lottery (Unrestricted)	420,862	-	420,862	369,476	57,245	-	426,721	426,721
Learning Aligned Employ. Prog.	-	-	-	341,745	-	341,745	-	-
CARE	92,295	29,289	121,584	121,584	-	63,134	58,450	58,450
EOP&S	373,120	139,517	512,637	512,637	-	85,443	427,194	427,194
NextUp	120,459	-	120,459	120,459	-	118,131	2,328	2,328
DSP&S	292,362	75,372	367,734	367,734	-	60,064	307,670	307,670
DHH	5,388	17,285	22,673	22,673	-	4,149	18,524	18,524
CalWORKS	129,483	52,926	182,409	182,409	-	47,356	135,053	135,053
Lottery (Restricted)	220,645	170,376	391,021	327,146	-	153,546	173,600	173,600
BFAP (SFAA)	148,165	3,142	151,307	148,165	-	-	148,165	148,165
Financial Aid Technology	43,308	51,346	94,654	94,654	-	18,244	76,410	76,410
Technology and Data Security	50,000	-	50,000	350,000	-	320,033	29,967	29,967
Rising Scholars Grant	160,000	-	160,000	160,000	-	64,838	95,162	95,162
Foster and Kinship Care	97,513	22,822	120,335	120,335	2,709	14,880	108,164	108,164
Physical Plant & INST'L Support	-	314,110	314,110	314,110	-	314,110	-	-
Strong Workforce (Local)	320,815	337,143	657,958	657,958	-	308,366	349,592	349,592
Strong Workforce Regional	-	249,266	249,266	590,420	-	325,659	264,761	264,761
Strong Workforce Projects in Common	10,000	39,948	49,948	49,948	-	44,948	5,000	5,000
Student Equity & Achievement	1,099,960	-	1,099,960	1,099,960	-	198,136	901,824	901,824
Student Equity & Achievement CARRYOVER	-	162,451	162,451	162,451	-	-	162,451	162,451
Dreamer Resources Liaison	60,378	54,652	115,030	115,030	-	47,914	67,116	67,116
Basic Needs Centers	180,173	40,826	220,999	220,999	-	45,270	175,729	175,729
Student Food & Housing (One-Time)	175,536	99,117	274,653	274,653	-	127,701	146,952	146,952
Equal Employment Opportunity (AB1725)	138,888	-	138,888	138,888	-	60,392	78,496	78,496
EEO Best Practices (One-Time)	100,000	131,029	231,029	231,029	-	207,850	23,179	23,179
Cultural Competent Faculty PD	150,000	50,435	200,435	200,435	-	163,870	36,565	36,565
Promise Scholars Program Replication	-	72,701	72,701	72,701	-	68,765	3,936	3,936
CA Promise	77,665	-	77,665	77,665	-	-	77,665	77,665
Guided Pathways	138,070	48,468	186,538	186,538	-	79,379	107,159	107,159
CalFire Grant	-	267,958	267,958	183,387	-	-	183,387	183,387
CA Tahoe Conserve Forestry Ed	-	229,900	229,900	69,494	-	-	69,494	69,494
Adult Education Block Grant	1,015,513	270,265	1,285,778	1,285,778	-	223,986	1,061,792	1,061,792
ADVANCE LTCC Share	146,000	-	146,000	146,000	-	-	146,000	146,000
Mental Health	119,604	94,500	214,104	214,104	-	108,903	105,201	105,201
COVID-19 Recovery Block Grant	1,222,000	-	1,222,000	1,222,000	-	1,197,000	25,000	25,000
CVC-OEI Grant	-	10,443	10,443	10,443	-	10,443	-	-
Early Childhood Ed	-	1,000	1,000	1,000	-	1,000	-	-
Aquatic Center Grant	-	3,292	3,292	3,292	50,796	-	54,088	54,088
Dual Enrollment Inst Mat'ls	-	21,059	21,059	21,059	-	15,347	5,712	5,712
CCC Foundation Tax Prep	-	1,119	1,119	1,119	-	1,119	-	-
Retention and Enroll Outreach (SB85)	198,136	238,466	436,602	436,602	-	425,352	11,250	11,250
LGBTQ+	-	49,290	49,290	49,290	-	15,375	33,915	33,915
Cal Fresh Outreach (SB 85)	-	6,811	6,811	6,811	-	6,811	-	-
Trustee Fellowship Grant	-	43,765	43,765	43,765	-	16,194	27,571	27,571
PY Correction	-	(500)	(500)	(500)	-	-	(500)	(500)
NFN Deputy Sector Navigator	-	8,393	8,393	58,393	-	52,148	6,245	6,245
ZeroTextbookCostPgm (OneTime)	180,000	-	180,000	180,000	-	179,347	653	653
Zero Textbook Cost Program	20,000	-	20,000	20,000	-	8,511	11,489	11,489
Veteran Resource Center	22,828	9,098	31,926	31,926	-	5,635	26,291	26,291
California State Pre-School Program	40,850	-	40,850	159,482	-	-	159,482	159,482
DOE State Block Grant - CCTR	143,978	-	143,978	34,827	-	-	34,827	34,827
CDSS Stipend	-	-	-	5,768	-	-	5,768	5,768
High 5 For Quality Grant	-	-	-	338	-	-	338	338
CSPP Block Grant	-	-	-	3,300	-	-	3,300	3,300
Student Housing (Construction)	39,369,000	-	39,369,000	39,369,000	-	-	39,369,000	3,146,169
Physical Plant & INST'L Support	5,038,992	-	5,038,992	5,038,992	-	-	5,038,992	79,639
Cal Grant	-	-	-	184,327	-	-	184,327	186,938
Subsidized Federal Loan	-	-	-	146,001	-	-	146,001	140,826
Unsubsidized Federal Loan	-	-	-	178,701	-	-	178,701	172,716
ACG	-	-	-	9,007	-	-	9,007	9,007
Emergency Financial Assistance Supplemental	97,717	-	97,717	417,669	-	-	417,669	-
SFRF Emergency Financial Assistance	319,952	-	319,952	-	-	-	-	(22,850)
Student Success Completion	1,023,391	-	1,023,391	999,104	-	-	999,104	265,302
CARE	-	-	-	38,000	-	-	38,000	38,000
Dreamer Resources Liaison	-	-	-	-	-	-	-	2,750
Subtotal	$ 53,963,985	$ 3,553,506	$ 57,517,491	$ 58,607,382	$ 110,750	$ 5,551,094	$ 53,167,038	$ 10,793,729

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2023

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	5.99	-	5.99
2. Credit	230.83	-	230.83
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	268.25	-	268.25
(b) Daily Census Contact Hours	73.16	-	73.16
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	59.19	-	59.19
(b) Credit	525.50	-	525.50
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	380.41	-	380.41
(b) Daily Census Contact Hours	253.57	-	253.57
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	1,796.90	-	1,796.90
Supplemental Information (subset of above information)			
E. In-service Training Courses	258.78	-	258.78
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	17.30	-	17.30
Total Basic Skills FTES	17.30	-	17.30

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	2,529,372	-	2,529,372	2,529,372	-	2,529,372
Other	1300	1,995,915	-	1,995,915	1,995,915	-	1,995,915
Total Instructional Salaries		4,525,287	-	4,525,287	4,525,287	-	4,525,287
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	341,360	-	341,360
Other	1400	-	-	-	208,690	-	208,690
Total Non-Instructional Salaries		-	-	-	550,050	-	550,050
Total Academic Salaries		4,525,287	-	4,525,287	5,075,337	-	5,075,337
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	2,684,523	-	2,684,523
Other	2300	-	-	-	246,786	-	246,786
Total Non-Instructional Salaries		-	-	-	2,931,309	-	2,931,309
Instructional Aides							
Regular Status	2200	47,544	-	47,544	47,544	-	47,544
Other	2400	289,631	-	289,631	289,637	-	289,637
Total Instructional Aides		337,175	-	337,175	337,181	-	337,181
Total Classsified Salaries		337,175	-	337,175	3,268,490	-	3,268,490
Employee Benefits	3000	1,741,462	-	1,741,462	3,653,785	-	3,653,785
Supplies and Materials	4000	-	-	-	215,911	-	215,911
Other Operating Expenses	5000	1,333,802	-	1,333,802	4,133,775	-	4,133,775
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		7,937,726	-	7,937,726	16,347,298	-	16,347,298
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	14,192	-	14,192
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	377,386	-	377,386
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	426,721	-	426,721
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 818,299	$ -	$ 818,299
Total for ECS 84362, 50% Law		$ 7,937,726	$ -	$ 7,937,726	$ 15,528,999	$ -	$ 15,528,999
Percent of CEE (Instructional Salary Cost/Total CEE)		51.12%	0.00%	51.12%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 7,764,500	$ -	$ 7,764,500

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

EPA Revenue	$ 2,654,559

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 2,654,559	$ -	$ -	$ 2,654,559
Total		$ 2,654,559	$ -	$ -	$ 2,654,559

See accompanying note to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total Fund Equity - District Funds Included in the Reporting Entity		
General fund		$ 4,582,962
Debt service fund		1,506,018
Special revenue funds		2
Capital project funds		51,068,156
Enterprise funds		500,301
Internal service funds		737,892
Student activity funds		36,499
Student financial aid fund		1,221,983
Total fund balances as reported in the CCFS-311		$ 59,653,813
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	$ 107,229,015	
Accumulated depreciation	(34,624,995)	72,604,020
Lease receivable		2,168,726
Unmatured interest		(652,815)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		106,878
Deferred outflows related to OPEB		367,168
Deferred outflows related to pensions		6,560,324
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	$ 41,340,000	
Bond premiums	1,839,608	
Compensated absences	455,523	
Other long-term liabilities	15,447	
Net OPEB liability	427,786	
Net pension liability	19,018,043	(63,096,407)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to leases		(2,079,945)
Deferred inflows related to OPEB		(81,465)
Deferred inflows related to pensions		(1,243,269)
Net Position Reported Within the Statements of Net Position		$ 74,307,028

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

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

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

NOTE 1 - PURPOSE OF SCHEDULES, continued

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

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

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Lake Tahoe Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

Report on Internal Control Over Financial Reporting, continued

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 7, 2023

CWDL

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Tahoe Community College District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lake Tahoe Community College District's compliance based on our audit

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 7, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

Opinion on State Compliance

We have audited Lake Tahoe Community College District's (the District) compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

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

Compliance Requirements Tested

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 494 – State Fiscal Recovery Fund
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 7, 2023

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster
84.425E, 84.425F, 84.425L, 84.425P	Higher Education Emergency Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

Section II – Financial Statement Findings

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

There were no financial statement findings or questioned costs identified during 2022-23.

Section III – Federal Award Findings and Questioned Costs

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

There were no federal award findings or questioned costs identified during 2022-23.

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs identified during 2022-23.

There were no findings or questioned costs identified during 2021-22.