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LAKE TAHOE
COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

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OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

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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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Tahoe Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended June 30, 2022, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. Our opinion was 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.

Other Matters

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 Information
Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

<u>Other Reporting Required by *Government Auditing Standards*</u>
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, 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, 2022

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, 2022, including comparative information for the year ended June 30, 2021. 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 2021-22 State Budget Act was signed on July 12, 2021. This state budget was shaped by the recovery from the Covid-related recession. In addition to massive impacts on general health and health systems, the emergency caused a seismic downward shift in the state's economic conditions that was reflected in the 2020-21 budget. The enacted 2021-22 budget reflects a correction to the overestimated deficit of the prior year along with the substantial recovery to the state's finances in recent months, focusing investments on supporting California families and businesses that continue to struggle in the aftermath of the pandemic. The COLA for FY21-22 is 5.07%.

- The Board of Trustees' contingency reserve was designated in the Adopted Budget at 14.89% of budgeted unrestricted appropriations ($2,952,218). As of June 30, 2022, the ending unrestricted fund balance was $3,381,849 or 17.54% 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 $120,410 for equipment replacement.

- Community Play Consortium, a JPA between Lake Tahoe Community College and the City of South Lake Tahoe (Fund 59) - $262,500 was assigned to reserves to include $25,500 for equipment replacement and $231,000 for synthetic field maintenance and replacement.

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

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

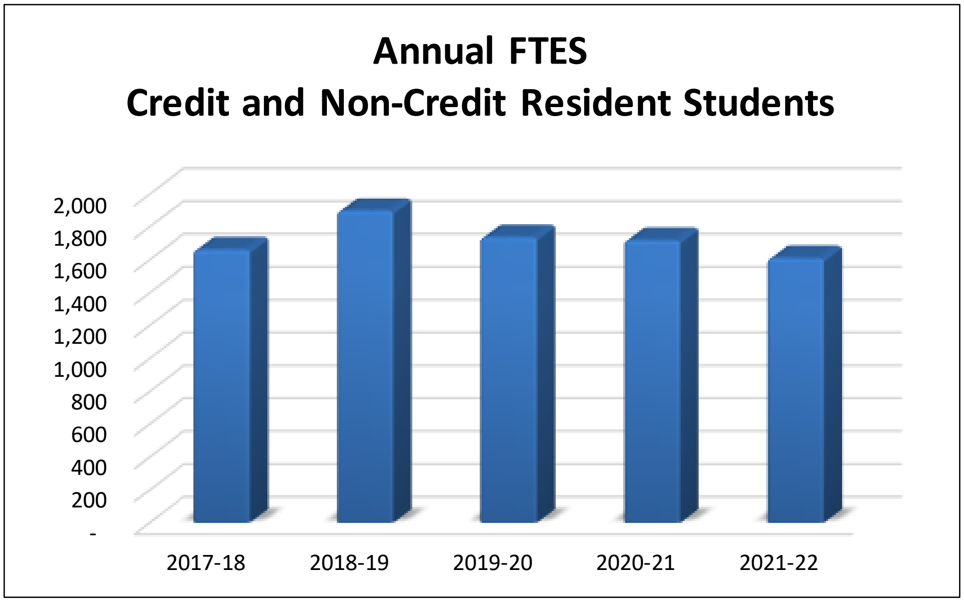
- Other Post-Employment Benefits (Fund 79) - $1,672,658 was assigned to this reserve for retiree benefits.

- 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. In previous years, increases were recognized for Student Equity and Achievement. Throughout fiscal years 19-20, 20-21, and 21-22 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 FY21-22, the District received and spent $1,514,483 in institutional funding, and also received and distributed $346,500 in funding directly to students.

- Fiscal Year 2021-22 saw a decrease in full-time equivalent students (FTES). The FY21-22 adopted budget was based on 1,943 FTES; however, actual FTES were 1,610 at year-end due to the outbreak of COVID-19. The outbreak led the Chancellor's Office to issue an emergency conditions allowance (ECA) locking in the FTES projections submitted in January 2020 as the reportable FTES for apportionment purposes. The ECA continued throughout 2021-22. 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 decreased by 109 or 6 percent, from FY 2020-21 to FY 2021-22.



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 deficit in fiscal year 2020-21 was $28,415, which was partially covered with a $113,000 subsidy from the general fund.

- A Community Education program was launched in 2011-12 to meet the needs of community members affected by the new repeatability regulations and those desiring enrichment courses. These courses are not subsidized by State apportionment and are instead funded solely by enrollment fees. In 2021-22, this program generated $410,394 in revenue and provided over 179 workshops to approximately 1,303 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.

	2022	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 25,840,052	$ 17,387,989	$ 8,452,063
Noncurrent assets	64,463,233	53,571,853	10,891,380
Deferred outflows of resources	4,542,778	5,215,918	(673,140)
Total Assets and Deferred Outflows of Resources	94,846,063	76,175,760	18,670,303
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	7,680,242	6,383,810	1,296,432
Noncurrent liabilities	55,686,354	50,593,195	5,093,159
Deferred inflows of resources	8,841,687	643,125	8,198,562
Total Liabilities and Deferred Inflows of Resources	72,208,283	57,620,130	14,588,153
NET POSITION			
Invested in capital assets, net of related debt	30,235,010	26,383,345	3,851,665
Restricted	2,192,406	4,226,976	(2,034,570)
Unrestricted	(9,789,636)	(12,054,691)	2,265,055
Total Net Position	$ 22,637,780	$ 18,555,630	$ 4,082,150

- Total assets and deferred outflows of resources for the District increased by 24.51% in fiscal year 2021-22 from the previous fiscal year.

- Cash and cash equivalents increased by 74.09% in fiscal year 2021-22 from the previous fiscal year.

- Receivables increased 4.29% 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 16.23% 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 increased 42.59%. 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 increase in FY21-22 is primarily due to liability increases from large construction invoices recorded at the end of the fiscal year that were not paid until the start of the following fiscal year.

- Accrued payroll increased 22.25% due to variations in scheduling that shift the number of sections and days of wages earned in June but not paid until July 2022.

- Unearned revenue increased 3.34% over last year. The largest deferrals are Strong Workforce Local (categorical) of $337,143, Adult Education (categorical) of $270,265, Instr. Equip/Materials Grant (categorical) of $314,110, and Strong Workforce Regional (categorical) of $219,266. 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 43.34%. These changes are primarily due to the issuance of the General Obligation Bonds, 2014 Series C.

- 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.

	2022	2021	Change
OPERATING REVENUES			
Tuitition and fees	$ 2,202,968	$ 2,356,043	$ (153,075)
Grants and contracts, non-capital	12,225,669	10,304,868	1,920,801
Total Operating Revenues	14,428,637	12,660,911	1,767,726
OPERATING EXPENSES			
Salaries and benefits	18,306,581	19,420,361	(1,113,780)
Supplies, materials, and other operating expenses	8,704,438	5,968,445	2,735,993
Student financial aid	2,368,917	2,319,125	49,792
Depreciation	2,926,244	2,757,534	168,710
Total Operating Expenses	32,306,180	30,465,465	1,840,715
Operating Loss	(17,877,543)	(17,804,554)	(72,989)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, non-capital	11,795,821	10,542,558	1,253,263
Local property taxes, non-capital	5,409,824	5,090,046	319,778
State taxes and other revenues	48,211	48,360	(149)
Investment income, non-capital	(1,052,297)	23,382	(1,075,679)
Investment income, capital	1,126,379	44,095	1,082,284
Interest expense on capital asset-related debt	(1,565,242)	(1,215,725)	(349,517)
Transfers to fiduciary funds	(174,003)	(218,550)	44,547
Total Non-Operating Revenues (Expenses)	15,588,693	14,314,166	1,274,527
OTHER REVENUES (EXPENSES)			
State and local capital income	4,299,397	665,869	3,633,528
Local property taxes and other revenues, capital	2,071,603	1,989,387	82,216
Total Other Revenues	6,371,000	2,655,256	3,715,744
Change in Net Position	4,082,150	(835,132)	4,917,282
NET POSITION, BEGINNING OF YEAR	18,555,630	19,358,829	(803,199)
PRIOR PERIOD ADJUSTMENT	-	31,933	(31,933)
NET POSITION, END OF YEAR	$ 22,637,780	$ 18,555,630	$ 4,082,150

- 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 $32,306,180. The amount funded through local taxpayers by means of property taxes and other revenue was $7,481,827; an increase of 5.7% from the previous fiscal year. Unrestricted state apportionment totaled $11,795,821, an increase of 11.89% from prior year.

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

- Net tuition and fees increased 6.39% in fiscal year 2020-21 due to a combination of factors. The District saw a decrease in FTES of 11.4% (from 1818 to 1610), which was a common problem across community colleges. There was a slight increase in out of state tuition, but a large decrease in overall enrollment and, as a result, material fees.

- Total operating expenses increased approximately 5.90% from the previous fiscal year with the largest increases occurring in salaries and benefits primarily due to OPEB reporting and in STRS and PERS liabilities associated with pension plans. The non-operating interest expense reflects the interest cost of the general obligation bonds.

Statement of Cash Flows

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

Cash Provided by (Used in)	2022	2021	Change
Operating activities	$ (18,060,502)	$ (13,623,746)	$ (4,436,756)
Noncapital financing activities	19,086,659	14,000,958	5,085,701
Capital financing activities	8,204,726	(5,377,023)	13,581,749
Investing activities	(1,052,297)	23,382	(1,075,679)
Net Increase (Decrease) in Cash	$ 8,178,586	$ (4,976,429)	$ 13,155,015

- 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 2021-22 budget as per statutory law on time for the eleventh consecutive year. The 21-22 state budget fully paid off deferrals from 20-21, increased funding for community colleges through a combination of ongoing and one-time funds, and made a number of investments including deferred maintenance, student basic needs, and support for faculty. The effects of the State budget was 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 will now be 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:
  - $1,436,949 from Institutional Resilience and Expanded Postsecondary Opportunity for Dual Enrollment, to be spent over two years
  - $1,386,875 from TRIO Educational Talent Search, to be spent over five years
  - $4,815,687 from Hispanic Serving Institutions: STEM, to be spent over five years

- While health and welfare costs have increased for most of the country, the District has managed to keep costs flat for another year. 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 $18,456.

- The District established a separate Retiree Benefit Fund, Fund 69, in 2012-13 and has continued to prefund the costs of retiree benefits into 2021-22. In addition, the District established a new Other Post Retirement Benefits Trust Fund (OPEB), Fund 79. The transfer to Fund 79 for 2021-22 was $174,003. The transfer to the irrevocable trust fund included the delay from 20-21, which was delayed to ensure the district maintained an adequate cash flow without the need to borrow. 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 increases yearly from 20.70% in FY20-21, to 22.91% in FY21-22, to 25.37% in FY22-23. The STRS employer contribution rate increases yearly from 16.15% in FY20-21, to 16.92% in FY21-22, to 19.10% in FY 22-23. 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 17.54% followed by a slightly lower projected EFB of 16.55%, for FY22-23. The Board of Trustees' contingency reserve was designated in the Adopted Budget at 14.89% of budgeted unrestricted appropriations ($2,952,218). As of June 30, 2022, the ending unrestricted fund balance was $3,381,849 or 17.54% 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 to cover significant STRS and PERS increases, replacement and repair of equipment needed to operate the campus.

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

- The passage of Measure F, a $55 million dollar Proposition 39 general obligation bond, will provide funding for maintenance and repair and modernization of existing facilities as well as the construction of new facilities. In August 2015, the district executed the first bond issuance, Series A, for $19,000,000. A second issuance, Series B, was executed in February 2018 for $15,000,000 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, 2022

ASSETS	
Current Assets:	
Cash and investments	$ 19,217,019
Accounts receivable, net	6,575,409
Prepaid expenses	16,811
Other current assets	30,813
Total Current Assets	25,840,052
Noncurrent Assets:	
Lease receivable	2,196,969
Capital assets, net	62,266,264
Total Noncurrent Assets	64,463,233
TOTAL ASSETS	90,303,285
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to bond refundings	111,524
Deferred outflows related to OPEB	233,691
Deferred outflows related to pensions	4,197,563
TOAL DEFERRED OUTFLOWS OF RESOURCES	4,542,778
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 94,846,063
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 3,276,471
Unearned revenue	3,842,557
Long-term debt, current portion	561,214
Total Current Liabilities	7,680,242
Noncurrent Liabilities:	
Compensated absences	423,356
Net OPEB liability	502,385
Net pension liability	11,568,446
Long-term debt, non-current portion	43,192,167
Total Noncurrent Liabilities	55,686,354
TOTAL LIABILITIES	63,366,596
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	2,154,229
Deferred inflows related to OPEB	244,521
Deferred inflows related to pensions	6,442,937
TOTAL DEFERRED INFLOWS OF RESOURCES	8,841,687
NET POSITION	
Net investment in capital assets	30,235,010
Restricted for:	
Debt service	1,362,398
Capital projects	769,797
Other special purposes	60,211
Unrestricted	(9,789,636)
TOTAL NET POSITION	22,637,780
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 94,846,063

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES	
Tuition and fees	$ 3,080,148
Less: Scholarship discounts and allowances	(877,180)
Net tuition and fees	2,202,968
Grants and contracts, non-capital	
Federal	4,663,816
State	6,886,666
Local	675,187
TOTAL OPERATING REVENUES	14,428,637
OPERATING EXPENSES	
Salaries	13,621,480
Employee benefits	4,685,101
Supplies, materials, and other operating expenses and services	8,704,438
Student aid	2,368,917
Depreciation	2,926,244
TOTAL OPERATING EXPENSES	32,306,180
OPERATING INCOME (LOSS)	(17,877,543)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	11,795,821
Local property taxes	5,409,824
State taxes and other revenues	48,211
Investment income, non-capital	(1,052,297)
Investment income, capital	1,126,379
Interest expense on capital asset-related debt	(1,565,242)
Transfers to fiduciary funds	(174,003)
TOTAL NON-OPERATING REVENUES (EXPENSES)	15,588,693
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(2,288,850)
State revenues, capital	4,299,397
Local property taxes and other revenues, capital	2,071,603
TOTAL OTHER REVENUES	6,371,000
CHANGE IN NET POSITION	4,082,150
NET POSITION, BEGINNING OF YEAR	18,555,630
NET POSITION, END OF YEAR	$ 22,637,780

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,228,751
Grants and contracts	11,416,260
Payments to students	(2,368,917)
Payments to vendors	(10,651,212)
Payments to employees	(19,317,831)
Other operating receipts (payments)	632,447
Net Cash Provided (Used) by Operating Activities	(18,060,502)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	14,021,177
Local property taxes	5,409,824
State taxes and other apportionments	48,211
Contributions to trusts	(392,553)
Net Cash Provided (Used) by Non-capital Financing Activities	19,086,659
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	4,299,397
Purchase of capital assets	(11,620,655)
Local property taxes for capital purposes	2,071,603
Principal paid on capital debt	(694,524)
Interest received on capital debt	1,126,379
Interest paid on capital debt	13,022,526
Net Cash Provided (Used) by Capital Financing Activities	8,204,726
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	(1,052,297)
Net Cash Provided (Used) by Investing Activities	(1,052,297)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	8,178,586
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	11,038,433
CASH & CASH EQUIVALENTS, END OF YEAR	$ 19,217,019

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(17,877,543)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		2,926,244
Changes in Assets and Liabilities:		
Accounts receivables, net		(2,496,002)
Prepaid expenses		2,169
Other current assets		(5,000)
Lease receivable		(2,196,969)
Deferred outflows of resources		668,494
Accounts payable and accrued liabilities		319,276
Unearned revenue		124,344
Compensated absences		29,351
Net pension liability		(7,480,725)
Net OPEB liability		(272,703)
Deferred inflows of resources		8,198,562
Total Adjustments		(182,959)
Net Cash Flows From Operating Activities	$	(18,060,502)
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Amortization of premiums on debt	$	76,214
On-behalf payments for benefits	$	504,398
Board of Governors fee waviers	$	877,180

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Retiree OPEB Trust	Trust Funds
ASSETS		
Cash and cash equivalents	$ 2,077,891	$ 9,832
Accounts receivable, net	-	500
Total Assets	2,077,891	10,332
NET POSITION		
Unreserved	2,077,891	10,332
Total Net Position and Liabilities	$ 2,077,891	$ 10,332

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Retiree OPEB Trust	Trust Funds
OPERATING REVENUES:		
Student fees	$ -	$ 2,878
Interest and investment income	(232,473)	-
Total Operating Revenues	(232,473)	2,878
OPERATING EXPENSES:		
Other operating expenses	2,717	1,561
Total Operating Expenses	2,717	1,561
OTHER FINANCING SOURCES		
Operating transfers in	174,003	-
Total Other Financing Sources	174,003	-
Net Change in Net Position	(61,187)	1,317
Net Position - Beginning of Year	2,139,078	7,809
Adjustment for Restatement	-	1,206
Net Position - End of Year	$ 2,077,891	$ 10,332

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,212,378
Accounts receivable		17,146
Other current assets		32,105
Total Current Assets		1,261,629
Noncurrent Assets		
Investments		3,172,680
TOTAL ASSETS	$	4,434,309
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	97,545
Deferred revenue		87,160
Total Current Liabilities		184,705
TOTAL LIABILITIES		184,705
NET ASSETS		
Without donor restrictions		700,209
With donor restrictions		3,549,395
TOTAL NET ASSETS		4,249,604
TOTAL LIABILITIES AND NET ASSETS	$	4,434,309

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

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES			
Donations	$ 108,450	$ 383,020	$ 491,470
Special events, net	101,777	1,000	102,777
Interest and dividends, net	29,363	84,069	113,432
Unrealized gains/(loss)	(460,440)	-	(460,440)
In-kind donations	34,525		34,525
Assets released from restrictions	220,312	(220,312)	-
Total Revenues	33,987	247,777	281,764
EXPENSES			
Operating expenses	21,623	-	21,623
Program expenses	332,828	-	332,828
Fundraising expenses	75,995	-	75,995
Total Expenses	430,446	-	430,446
CHANGE IN NET ASSETS	(396,459)	247,777	(148,682)
NET ASSETS, BEGINNING OF YEAR	1,096,668	3,301,618	4,398,286
NET ASSETS, END OF YEAR	$ 700,209	$ 3,549,395	$ 4,300,503

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
LAKE TAHOE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(148,682)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Used by Operating Activities		
Change in Assets and Liabilities		
Accounts receivable		6,198
Other current assets		(24,797)
Accounts payable		30,160
Deferred revenues		17,554
Net Cash Flows From Operating Activities		(119,567)
CASH FLOW FROM INVESTING ACTIVITIES		
Net changes from sales and maturities of investments		450,184
Net Cash Flows From Investing Activities		450,184
NET CHANGE IN CASH AND CASH EQUIVALENTS		330,617
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		881,761
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,212,378

NOTE 1 – ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

- Lake Tahoe College Foundation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Reporting Entity, continued

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2022, 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 $115,441 for the year ended June 30, 2022.

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 $2,192,406 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, 2022, was $504,398 for CalSTRS. There were no contributions during 2021-22 for CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

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

Interfund Activity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foundation Financial Statement Presentation

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

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

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2022. The District has implemented GASB Statement No. 87 for the year ending June 30, 2022. Changes adopted conform to the provisions of this Statement and are effective from July 1, 2021 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

GASB 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.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

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.

General Authorizations

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Summary of Deposits and Investments

Deposits and investments of the Primary Government as of June 30, 2022, consist of the following:

Primary Government		
Cash on hand and in banks	$	856,155
Cash in revolving		10,600
Investments		18,350,264
Total Deposits and Investments	$	19,217,019

Deposits and investments of the Fiduciary Funds as of June 30, 2022, consist of the following:

Fiduciary Funds		
Cash on hand and in banks	$	9,832
Investments		2,077,891
Total Deposits and Investments	$	2,087,723

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.

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

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

Investment Type		Fair Value	Weighted Average Days to Maturity
Money market master trust	$	1,904,899	Not applicable
County Investment Pool		10,388,968	710 days
State Investment Pool		8,134,288	311 days
Total	$	20,428,155	

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, 2022.

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, 2022, approximately $606,155 of the District's bank balance of $856,155 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, 2022:

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Money market master trust	$ 1,904,899	$ -	$ 1,904,899	$ -	$ -
County Investment Pool	10,388,968	-	-	-	10,388,968
State Investment Pool	8,134,288	-	-	-	8,134,288
Total	$ 20,428,155	$ -	$ 1,904,899	$ -	$ 18,523,256

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	$ 383,950
State Government	
Categorical Aid	217,957
Lottery	127,038
Apportionment	19,208
Local Sources	
Student Receivables	624,669
Other Local Sources	5,202,587
Total	$ 6,575,409

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, 2022 are as follows:

Fiscal year	Principal	Interest	Total
2023	$ 28,243	$ 65,525	$ 93,768
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
2028-2032	234,475	288,340	522,815
2033-2037	317,821	247,218	565,039
2038-2042	418,308	192,365	610,673
2043-2047	539,003	120,990	659,993
2048-2051	521,712	32,215	553,927
Total	$ 2,196,969	$ 1,199,225	$ 3,396,194

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, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 1,120,983	$ -	$ -	$ 1,120,983
Collections	145,000	-	-	145,000
Construction in progress	9,050,855	11,620,655	1,304,001	19,367,509
Total Capital Assets Not Being Depreciated	10,316,838	11,620,655	1,304,001	20,633,492
Capital Assets Being Depreciated				
Land improvements	13,481,326	39,777	-	13,521,103
Building improvements	8,120,305	1,193,631	-	9,313,936
Buildings	44,909,964	-	-	44,909,964
Equipment	5,422,346	70,593	-	5,492,939
Total Capital Assets Being Depreciated	71,933,941	1,304,001	-	73,237,942
Total Capital Assets	82,250,779	12,924,656	1,304,001	93,871,434
Less Accumulated Depreciation				
Land improvements	3,331,447	1,117,938	-	4,449,385
Building improvements	2,787,159	815,906	-	3,603,065
Buildings	18,242,174	822,303	-	19,064,477
Equipment	4,318,146	170,097	-	4,488,243
Total Accumulated Depreciation	28,678,926	2,926,244	-	31,605,170
Net Capital Assets	$ 53,571,853	$ 9,998,412	$ 1,304,001	$ 62,266,264

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Construction	$ 1,073,571
Interest payable	659,336
Accrued payroll and related liabilities	665,284
Other	878,280
Total	$ 3,276,471

NOTE 9 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal Financial Assistance	$ 104,129
State Categorical Aid	3,055,508
Enrollment Fees	429,485
Other Local	253,435
Total	$ 3,842,557

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, 2022, 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 2022 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $174,003.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2022 fiscal year consisted of the following:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	$ 29,600,000	$ 14,000,000	$ 1,775,000	$ 41,825,000	$ 485,000
Premiums, net	916,303	1,075,733	76,214	1,915,822	76,214
Total Bonds	30,516,303	15,075,733	1,851,214	43,740,822	561,214
Other Long-Term Liabilities					
Compensated absences	381,446	38,740	-	420,186	-
Capital Leases	7,816	-	7,816	-	-
Banked Faculty Load	12,559	3,170	-	15,729	-
Total Other Long-Term Liabilities	401,821	41,910	7,816	435,915	-
Total Long-Term Obligations	$ 30,918,124	$ 15,117,643	$ 1,859,030	$ 44,176,737	$ 561,214

Description of Debt

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

The 2014 Series A general obligation bonds lease revenue bonds were issued on August 5, 2016 in the amount of $19,000,000 to finance the capital outlay projects. At June 30, 2020, $15,500,000 of the bonds were outstanding. The general obligations bonds mature through August 2045. Interest rates range from 2.00 - 5.00 percent.

The 2014 Series B general obligation bonds lease revenue bonds were issued on February 13, 2018 in the amount of $15,000,000 to finance the capital outlay projects. At June 30, 2020, $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.

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

NOTE 11 - LONG-TERM OBLIGATIONS, continued

Debt Maturity

General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2023	$ 485,000	$ 1,574,581	$ 2,059,581
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
2028-2032	2,975,000	7,377,800	10,352,800
2033-2037	6,055,000	6,374,119	12,429,119
2038-2042	10,240,000	4,721,053	14,961,053
2043-2047	15,510,000	2,488,744	17,998,744
2048-2049	5,500,000	224,200	5,724,200
Total	$ 41,825,000	$ 28,920,321	$ 70,745,321

Compensated Absences

At June 30, 2022, the liability for compensated absences was $402,186.

Banked Faculty Load

The District calculated the total long-term portion of banked faculty load as of June 30, 2022 at $15,729. 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, 2022, 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	$ 502,385	$ 233,691	$ 244,521	$ (24,443)

<u>District Plan</u>

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, 2021 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 2021-22, the District contributed $394,424 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, 2022:

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, 2022, investments in a master trust represents 100 percent of the total investment.

Rate of Return

For the year ended June 30, 2022, 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, 2022 was $174,003.

Net OPEB Liability of the District

The District's net OPEB liability of $502,385 was measured as of June 30, 2021, 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, 2022, were as follows:

Total OPEB liability	$	2,248,631
Plan fiduciary net position		1,746,246
District's net OPEB liability	$	502,385
Plan fiduciary net position as a percentage of the total OPEB liability		78%

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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, 2021
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.

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

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, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

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.

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, 2020	$ 2,226,696	$ 1,451,608	$ 775,088
Changes for the year:			
Service cost	146,555	-	146,555
Interest	132,045	-	132,045
Employer contributions	-	198,446	(198,446)
Expected Investment income	-	87,030	(87,030)
Investment gains/losses	-	209,810	(209,810)
Administrative expense	-	(2,202)	2,202
Expected benefit payments	(198,446)	(198,446)	-
Net change	21,935	294,638	(272,703)
Balance June 30, 2021	$ 2,248,631	$ 1,746,246	$ 502,385

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

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

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

	Discount Rate 1% Lower (4.75%)	Current Discount Rate (5.75%)	Discount Rate 1% Higher (6.75%)
Net OPEB liability	$ 657,496	$ 502,385	$ 358,295

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	$ 289,650	$ 502,385	$ 749,033

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

For the year ended June 30, 2022, the District recognized OPEB benefit of $24,443. At June 30, 2022, 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	$ -	$ 156,152
Differences between expected and actual experience	103,655	88,369
Change in assumptions	130,036	-
	$ 233,691	$ 244,521

NOTE 12 – POSTEMPLOYMENT BENEFITS, continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (19,765)
2024	(19,138)
2025	(19,205)
2026	(23,268)
2027	18,694
Thereafter	51,852
	$ (10,830)

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, 2022, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance and with Protected Insurance Program for Schools and Community Colleges for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

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

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

NOTE 13 – RISK MANAGEMENT, continued

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, 2022, 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	$ 3,569,052	$ 1,625,414	$ 3,354,149	$ (138,091)
CalPERS	7,999,394	2,572,149	3,088,788	1,319,711
Total	$ 11,568,446	$ 4,197,563	$ 6,442,937	$ 1,181,620

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, 2020, 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, 2022, 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	16.92%	16.92%
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, 2022, are presented above, and the District's total contributions were $794,319.

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, 2022, 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	$	3,569,052
State's proportionate share of the net pension liability associated with the District		1,795,845
Total	$	5,364,897

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020 was 0.0078 percent and 0.0080 percent, respectively, resulting in a net decrease in the proportionate share of 0.0002 percent. For the year ended June 30, 2022, the District recognized pension expense of ($138,091). In addition, the District recognized pension benefit of $138,091 for support provided by the State. At June 30, 2022, 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	$ -	$ 2,823,416
Differences between expected and actual experience	8,940	379,901
Changes in assumptions	505,529	-
Net changes in proportionate share of net pension liability	316,626	150,832
District contributions subsequent to the measurement date	794,319	-
Total	$ 1,625,414	$ 3,354,149

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
2023	$ (526,229)
2024	(406,496)
2025	(679,364)
2026	(836,213)
2027	(37,006)
Thereafter	(37,746)
	$ (2,523,054)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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, 2022, 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	$ 7,265,312	$ 3,569,052	$ 501,226

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, 2020, 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, 2022, 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	22.910%	22.910%

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, 2022, are presented above, and the total District contributions were $1,403,459.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $7,999,394. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020 was 0.0393 percent and 0.0369 percent, respectively, resulting in a net increase in the proportionate share of 0.0024 percent.

For the year ended June 30, 2022, the District recognized pension expense of $1,319,711. At June 30, 2022, 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	$ -	$ 3,069,930
Differences between expected and actual experience	238,803	18,858
Changes in assumptions	-	-
Net changes in proportionate share of net pension liability	929,887	-
District contributions subsequent to the measurement date	1,403,459	-
Total	$ 2,572,149	$ 3,088,788

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
2023	$ (241,628)
2024	(345,246)
2025	(479,417)
2026	(853,807)
	$ (1,920,098)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

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

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

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

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

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

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 13,488,101	$ 7,999,394	$ 3,442,589

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, 2022, 2021, and 2020, which amounted to $504,398, $432,386, and $513,171, respectively. There were no contributions for CalPERS for the year ended June 30, 2022, 2021 and 2020. 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, 2022, the District made payments of $138,372 to the Statewide Association of Community Colleges, $2,172,994 to the Tri-County School Insurance Group, $223,585 to Protected Insurance Program for Schools and Community Colleges, and $1,011,021 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, 2022.

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, 2022.

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 2021-22, 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, 2022, the District had the following commitments with respect to the unfinished capital projects.

CAPITAL PROJECT	Remaining Construction Commitment
Early Learning Center	$ 118,253
Equipment Storage Facility	499,320
Remodeling for Efficiency and Science Modernization	8,809,487
Building Security	19,423
Greenway Bike Trail	65,000
Mobility Hub	32,416
Student Housing	65,103
Total	$ 9,609,002

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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 146,555	$ 142,633	$ 117,224	$ 114,087	$ 111,034
Interest	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	(198,446)	(136,587)	(145,537)	(169,288)	(162,777)
Net change in total OPEB liability	21,935	131,914	343,947	45,465	46,165
Total OPEB liability, beginning of year	2,226,696	2,094,782	1,750,835	1,705,370	1,659,205
Total OPEB liability, end of year (a)	$ 2,248,631	$ 2,226,696	$ 2,094,782	$ 1,750,835	$ 1,705,370
Plan fiduciary net position					
Employer contributions	$ 198,446	$ 312,461	$ 533,055	$ 346,285	$ 339,774
Investment income	87,030	78,397	58,123	38,745	44,374
Investment gains/losses	209,810	(20,327)	(328)	3,161	-
Administrative expense	(2,202)	(2,035)	(1,131)	(499)	(500)
Expected benefit payments	(198,446)	(136,587)	(145,537)	(169,288)	(162,777)
Other	-	-	-	(385)	-
Change in plan fiduciary net position	294,638	231,909	444,182	218,019	220,871
Fiduciary trust net position, beginning of year	1,451,608	1,219,699	775,517	557,498	336,627
Fiduciary trust net position, end of year (b)	$ 1,746,246	$ 1,451,608	$ 1,219,699	$ 775,517	$ 557,498
Net OPEB liability, ending (a) - (b)	$ 502,385	$ 775,088	$ 875,083	$ 975,318	$ 1,147,872
Covered payroll	$ 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	78%	65%	58%	44%	33%
Net OPEB liability as a percentage of covered payroll	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, 2022

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

	Reporting Fiscal Year (Measurement Date)			
	2022	2021	2020	2019
CalSTRS	(2021)	(2020)	(2019)	(2018)
District's proportion of the net pension liability	0.0078%	0.0080%	0.0075%	0.0073%
District's proportionate share of the net pension liability	$ 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	1,795,845	3,975,892	3,678,928	3,866,984
Total	$ 5,364,897	$ 11,688,645	$ 10,422,186	$ 10,620,665
District's covered - employee payroll	$ 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	79%	172%	157%	162%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)			
	2022	2021	2020	2019
CalPERS	(2021)	(2020)	(2019)	(2018)
District's proportion of the net pension liability	0.0393%	0.0369%	0.0346%	0.0334%
District's proportionate share of the net pension liability	$ 7,999,394	$ 11,336,418	$ 10,074,143	$ 8,907,061
District's covered - employee payroll	$ 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	141%	212%	210%	199%
Plan fiduciary net position as a percentage of the total pension liability	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, 2022

	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, 2022

	Reporting Fiscal Year			
CalSTRS	2022	2021	2020	2019
Statutorily required contribution	$ 794,319	$ 729,943	$ 766,479	$ 697,340
District's contributions in relation to the statutorily required contribution	794,319	729,943	766,479	697,340
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,694,557	$ 4,519,771	$ 4,482,333	$ 4,283,415
District's contributions as a percentage of covered-employee payroll	17%	16%	17%	16%

	Reporting Fiscal Year			
CalPERS	2022	2021	2020	2019
Statutorily required contribution	$ 1,403,459	$ 1,172,509	$ 1,052,383	$ 866,743
District's contributions in relation to the statutorily required contribution	1,403,459	1,172,509	1,052,383	866,743
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,125,967	$ 5,664,295	$ 5,336,357	$ 4,798,710
District's contributions as a percentage of covered-employee payroll	23%	21%	20%	18%

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, 2022

	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 both CalSTRS and CalPERS.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Kerry David	Clerk	December 2022
Tony Sears	Member	December 2022
Jeff Cowen	Member	December 2022
Nancy Dalton	Member	December 2024
Dr. Karen Borgess	President	December 2024
Geego Ocampo	Student Trustee	June 2022

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, 2022

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	$ 43,604
Federal Work Study (FWS)	84.033	48,758
Federal Pell Grants (PELL)	84.063	1,193,085
Subtotal Financial Aid Programs		1,285,447
TRIO Cluster:		
TRIO - Talent Search Program	84.044	186,065
TRIO - Upward Bound Program	84.047	281,055
Subtotal TRIO Cluster		467,120
Higher Education Emergency Relief Funds:		
CARES Act - Student Aid	84.425E	385,519
CARES Act - Institutional	84.425F	1,466,225
CARES Act - Minority Serving Institute	84.425L	79,469
CARES Act - IREPO	84.425P	282,905
Total Higher Education Emergency Relief Funds		2,214,118
Title III - Strengthening Institutions	84.031A	228,421
HSI STEM	84.031C	262,217
Child Development - CCAMPIS	84.335A	40,374
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	71,570
Subtotal Perkins Program		71,570
Total U.S. Department of Education		4,569,267
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	27,320
Total U.S. Department of Health and Human Services		27,320
U.S. DEPARTMENT OF AGRICULTURE		
Passed through California Department of Education:		
Forest Reserve	10.665	41,532
Passed through California Community Colleges Chacnellor's Office		
Child and Adult Care Food Program	10.558	10,178
Total U.S. Department of Agriculture		51,710
U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE		
Direct Programs:		
Americorp	94.006	28,141
Total U.S. Department of National and Community Service		28,141
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Direct Programs:		
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	3,821
Total U.S. Department of Veteran Affairs		3,821
Total Federal Programs		$ 4,680,259

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Program Entitlements			Program Revenues				
	Current Year	Prior Year /Adjustments	Total Entitlements	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenues	Program Expenditures
Adult Education	$ 952,996	$ 243,520	$ 1,196,516	$ 1,342,516	$ -	$ 270,265	$ 1,072,251	$ 1,072,251
Aquatic Center Grant	29,838	-	29,838	-	29,838	3,292	26,546	26,546
Basic Needs Centers	161,615	-	161,615	161,615	-	40,826	120,789	120,789
BFAP	127,183	2,914	130,097	130,097	-	-	130,097	130,097
CA Promise	56,767	-	56,767	56,767	-	-	56,767	56,767
CA Tahoe Conserv Forestry Ed	-	343,985	343,985	16,596	132,589	-	149,185	149,185
Cal Fresh Outreach (SB 85)	-	27,999	27,999	27,999	-	6,811	21,188	21,188
Cal Grant	-	-	-	204,175	-	-	204,175	204,038
CalFire Grant	-	398,697	398,697	85,844	45,115	-	130,959	130,959
California State Pre-School Program	32,271	-	32,271	51,932	-	-	51,932	51,932
CalWORKs	125,754	45,536	171,290	171,290	-	71,443	99,847	99,847
CARE	-	-	-	13,500	-	-	13,500	19,500
CCC Foundation Tax Prep	2,500	-	2,500	-	2,500	1,119	1,381	1,381
Cooperative Agencies Resources for Education	54,221	13,430	67,651	67,651	-	29,390	38,261	38,261
CSPP Block Grant	-	-	-	4,470	-	-	4,470	2,519
Cultural Competent Faculty PD	50,453	-	50,453	50,435	-	50,435	-	-
CVC-OEI Grant	-	10,443	10,443	10,443	-	10,443	-	-
DHH	14,816	2,645	17,461	17,506	-	17,285	221	221
Disabled Student Programs & Services	227,175	63,524	290,699	290,699	-	75,174	215,525	215,525
Disaster Relief Student FinAid	-	-	-	-	-	-	-	300
DOE State Block Grant - CCTR	98,151	-	98,151	85,584	-	-	85,584	85,584
Dreamer Resources Liaison	60,378	30,451	90,829	90,829	-	54,652	36,177	36,177
Dual Enrollment Inst Mat'ls	21,059	-	21,059	21,059	-	21,059	-	-
Early Childhood Ed	-	1,000	1,000	1,000	-	1,000	-	-
EEO Best Practices (One-Time)	208,333	-	208,333	208,333	-	131,029	77,304	77,304
Enrollment Fee Waiver Admin	22,166	-	22,166	22,166	-	-	22,166	22,166
Equal Employment Opportunity (AB1725)	50,000	10,722	60,722	60,722	-	-	60,722	60,722
Extended Opportunity Programs & Services	282,947	72,838	355,785	355,785	-	140,161	215,624	215,624
Financial Aid Technology	43,308	69,079	112,387	112,387	-	51,346	61,041	61,041
Foster and Kinship Care	64,917	806	65,723	90,651	7,915	1,232	97,334	97,334
Guided Pathways	50,000	349,262	399,262	399,262	-	50,000	349,262	349,262
High 5 For Quality Grant	-	-	-	1,250	-	-	1,250	840
Inst. Effect Planning Initiative	-	21,906	21,906	21,906	-	-	21,906	21,906
Instr. Equip/Materials Grant	350,000	52,785	402,785	387,249	-	314,110	73,139	73,139
Learning Aligned Employ. Prog.	136,698	-	136,698	136,698	-	136,698	-	-
LGBTQ+	49,290	-	49,290	49,290	-	49,290	-	-
Lottery (Restricted)	172,700	144,289	316,989	250,622	65,054	173,600	142,076	142,076
Lottery (Unrestricted)	365,099	1,228	366,327	301,899	61,984	-	363,883	363,883
Mental Health	152,892	-	152,892	152,892	-	94,500	58,392	58,392
NFN Deputy Sector Navigator	-	86,543	86,543	189,543	-	8,393	181,150	181,150
Part-Time Faculty Compensation	91,394	-	91,394	91,349	-	-	91,349	91,349
Promise Scholars Program Replication	-	140,301	140,301	140,301	-	72,701	67,600	67,600
P-T Faculty Office Hours	3,799	-	3,799	3,799	-	-	3,799	3,799
Retention and Enroll Outreach (SB85)	194,899	43,567	238,466	238,466	-	238,466	-	-
Scheduled Maintenance	650,000	-	650,000	650,000	-	-	650,000	650,000
Strong Workforce (Local)	337,429	427,609	765,038	765,038	-	337,143	427,895	427,895
Strong Workforce Projects in Common	5,000	64,962	69,962	69,962	-	39,948	30,014	30,014
Strong Workforce Regional	315,561	304,101	619,662	619,662	-	249,266	370,396	401,439
Student Equity & Achievement	1,047,479	119,810	1,167,289	1,167,289	-	162,451	1,004,838	1,004,838
Student Food & Housing (One-Time)	176,784	-	176,784	176,784	-	99,117	77,667	77,667
Student Success Completion	123,132	-	123,132	123,132	-	-	123,132	135,024
Subsidized Federal Loan	-	-	-	111,540	-	-	111,540	67,941
Trustee Fellowship Grant	65,750	-	65,750	65,750	-	43,765	21,985	21,985
Unsubsidized Federal Loan	-	-	-	95,762	-	-	95,762	102,258
Veteran Resource Center	23,136	14,808	37,944	37,944	-	9,098	28,846	28,846
Wild Fire Relief	-	-	-	269,947	-	-	269,947	190,700
WIOA Title 1	-	8,870	8,870	8,770	-	-	8,770	8,770
Subtotal	$ 6,997,890	$ 3,117,630	$ 10,115,520	$ 10,278,157	$ 344,995	$ 3,055,508	$ 7,567,644	$ 7,498,030

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2022

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	4.65	-	4.65
2. Credit	202.95	-	202.95
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	225.49	-	225.49
(b) Daily Census Contact Hours	9.54	-	9.54
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	54.26	-	54.26
(b) Credit	500.70	-	500.70
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	323.24	-	323.24
(b) Daily Census Contact Hours	289.36	-	289.36
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	1,610.19	-	1,610.19
Supplemental Information (subset of above information)			
E. In-service Training Courses	198.87	-	198.87
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	19.55	-	19.55
Total Basic Skills FTES	19.55	-	19.55

See accompanying note to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022

		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	2,489,543	-	2,489,543	2,489,543	-	2,489,543
Other	1300	1,599,482	-	1,599,482	1,600,097	-	1,600,097
Total Instructional Salaries		4,089,025	-	4,089,025	4,089,640	-	4,089,640
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	358,237	-	358,237
Other	1400	-	-	-	236,337	-	236,337
Total Non-Instructional Salaries		-	-	-	594,574	-	594,574
Total Academic Salaries		4,089,025	-	4,089,025	4,684,214	-	4,684,214
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	2,183,175	-	2,183,175
Other	2300	-	-	-	277,347	-	277,347
Total Non-Instructional Salaries		-	-	-	2,460,522	-	2,460,522
Instructional Aides							
Regular Status	2200	14,198	-	14,198	14,198	-	14,198
Other	2400	207,540	-	207,540	207,541	-	207,541
Total Instructional Aides		221,738	-	221,738	221,739	-	221,739
Total Classsified Salaries		221,738	-	221,738	2,682,261	-	2,682,261
Employee Benefits	3000	1,652,351	-	1,652,351	3,356,947	-	3,356,947
Supplies and Materials	4000	-	-	-	142,760	-	142,760
Other Operating Expenses	5000	1,114,121	-	1,114,121	3,612,839	-	3,612,839
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		7,077,235	-	7,077,235	14,479,021	-	14,479,021
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	7,953	-	7,953
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	18,610	-	18,610
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	-	-	-	363,883	-	363,883
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 390,446	$ -	$ 390,446
Total for ECS 84362, 50% Law		$ 7,077,235	$ -	$ 7,077,235	$ 14,088,575	$ -	$ 14,088,575
Percent of CEE (Instructional Salary Cost/Total CEE)		50.23%	0.00%	50.23%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 7,044,288	$ -	$ 7,044,288

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2022

EPA Revenue	$ 3,386,158

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 3,386,158	$ -	$ -	$ 3,386,158
Total		$ 3,386,158	$ -	$ -	$ 3,386,158

See accompanying note to supplementary information.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Total Fund Equity - District Funds Included in the Reporting Entity		
General fund		$ 3,546,982
Debt service fund		1,362,398
Special revenue funds		(32,185)
Capital project funds		13,368,829
Enterprise funds		350,614
Internal service funds		742,405
Student activity funds		36,734
Student financial aid fund		4,583
Total fund balances as reported in the CCFS-311		$ 19,380,360
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	$ 93,871,434	
Accumulated depreciation	(31,605,170)	62,266,264
Lease receivable		2,196,969
Unmatured interest		(659,336)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		111,524
Deferred outflows related to OPEB		233,691
Deferred outflows related to pensions		4,197,563
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	$ 41,825,000	
Bond premiums	1,915,822	
Compensated absences	420,186	
Other long-term liabilities	15,729	
Net OPEB liability	502,385	
Net pension liability	11,568,446	(56,247,568)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to leases		(2,154,229)
Deferred inflows related to OPEB		(244,521)
Deferred inflows related to pensions		(6,442,937)
Net Position Reported Within the Statements of Net Position		$ 22,637,780

See accompanying note to supplementary information.

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, 2022, 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, 2022.

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

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

Our consideration of internal control 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 7, 2022

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, 2022. 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, 2022.

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.

<u>Report on Internal Control Over Compliance</u>

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, 2022

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 *California Community Colleges Contracted District Audit Manual 2021-22*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2022. 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, 2022.

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 *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office. 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 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 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 of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* 2021-22.

Auditors' Responsibilities for the Audit of Compliance
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 standards and procedures identified in the *California Community Colleges Chancellor's Office Contracted District Audit Manual 2021-22*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Section 411 – SCFF Data Management Control Environment
Section 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 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 the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 7, 2022

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster
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 2021-22.

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 2021-22.

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 2021-22.

LAKE TAHOE COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no findings or questioned costs identified during 2020-21.