COLLEGE OF THE SEQUOIAS
COMMUNITY COLLEGE DISTRICT

VISALIA, CALIFORNIA

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2020

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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
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The Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Other Information

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

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
January 26, 2021

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COLLEGE OF THE SEQUOIAS

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MANGEMENT'S DISCUSSION AND ANALYSIS

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* which applies these new reporting standards to public colleges and universities such as the College of the Sequoias Community College District (the District). The following discussion and analysis provides an overview of the District's financial activity. This report presents this information in a comparative format. Responsibility for the completeness and fairness of this information rests with the District.

USING THIS ANNUAL REPORT

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The focus of the Statement of Net Position is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The College of the Sequoias Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities.* These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

College of the Sequoias Community College District had a strong financial year in 2019-2020 despite the COVID-19 pandemic. The District ended the fiscal year with a planned transfer of surplus to the COVID-19 Special Reserve, and a healthy fund balance. The COVID-19 Special Reserve will be used to offset the financial uncertainty of the pandemic and the State $16.8M deferral of apportionment in 2020-2021.

- The District's primary funding source is the new California Student Center Funding Formula (SCFF) implemented in Fiscal Year 2018-2019. SCFF is comprised of three components. Base Allocation 70% which is calculated using FTES and foundation grants for mid-size college, Tulare, and Hanford education centers, Supplemental Allocation 20% which is based on socioeconomic factors such as PELL, College Promise, and AB540 recipients, and Student Success Allocation 10% which is based on eight success factors such as Degree attainment. Funding is comprised of State apportionment, Education Protection Account, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2019-2020 fiscal year due to the pandemic, the State will use P1 for funding purposes, the District's P1 resident FTES were comprised of 10,026.26 credit, special admit and Career Development and College Preparation (CDCP) non-credit FTES and 493.20 non-credit FTES for a total of 10,519.46 FTES, which was a increase from the prior year FTES. Actual total FTES for 2019-2020 was 10,436.73. In the 2018-2019 fiscal year, the District's actual resident FTES were comprised of 9,796.70 credit and CDCP non-credit FTES and 477.56 non-credit FTES for a total of 10,274.26 FTES.

- The Hanford Educational Center generated 1,085.09 FTES, which was part of the District's 10,519.46 total FTES for 2019-2020.

- The Tulare College Center generated 2,882.74 FTES, which was part of the District's 10,519.46 total FTES for 2019-2020.

- The District ended the year with a General Fund balance of $21.87 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District exceeded this requirement for the current year, closing the year with over 27.14 percent in General Fund reserve. The Board established a priority in 2012 of ensuring fiscal stability and striving to achieve a General Fund Reserve no less than the current statewide average for community colleges of 22.2%.

- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative District employees. These costs amounted to 72.8 percent of the unrestricted general fund and 71.98 percent of the total general fund. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.

- The District provides student financial aid to qualifying students of the District in the amount of approximately $32.62 million. This aid is provided through grants, loans from the Federal government and State System's Office, and local funding.

Condensed financial information is as follows:

	2020	2019	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 84,582,933	$ 72,699,273	$ 11,883,660
Noncurrent assets	187,253,249	189,332,040	(2,078,791)
Deferred outflows of resources	24,972,283	24,845,628	126,655
Total Assets and Deferred Outflows of Resources	296,808,465	286,876,941	9,931,524
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	19,078,824	17,563,313	1,515,511
Noncurrent liabilities	182,494,345	183,363,187	(868,842)
Deferred inflows of resources	3,749,041	3,150,230	598,811
Total Liabilities and Deferred Inflows of Resources	205,322,210	204,076,730	1,245,480
NET POSITION			
Invested in capital assets, net of related debt	80,943,012	77,099,689	3,843,323
Restricted	46,167,151	35,493,203	10,673,948
Unrestricted	(35,623,908)	(29,792,681)	(5,831,227)
Total Net Position	$ 91,486,255	$ 82,800,211	$ 8,686,044

This schedule has been prepared from the District's Statement of Net Position (page 11), which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

As of June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – and amendment of GASB No. 27, which required the district to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2020, the District reported Deferred Outflows from pension activities of $22.76 million. Deferred Inflows from pension activities of $3.62 million and a Net Pension Liability of $75.80 million. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

At June 30, 2018, the District implemented GASB Statement No. 75, Accounting for Financial Reporting for Postemployment Benefits Other than Pensions. This Statement replaces the requirements of GASB Statements No. 45, Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. This GASB required to District to restate the financial statements and include the District's net OPEB liability as measured by the actuary. Total ending balance was $1.61 million as of June 30, 2020.

Cash and short-term investments consist primarily of funds held in the Tulare County Treasury. The changes in the cash position are explained in the Statement of Cash Flows (pages 13 and 14).

Operating Results for the Years Ended June 30, 2020 and 2019:

	2020	2019	Change
OPERATING REVENUES			
Tuitition and fees	$ 4,380,340	$ 4,541,165	$ (160,825)
Auxiliary enterprises	1,658,948	1,600,636	58,312
Total Operating Revenues	6,039,288	6,141,801	(102,513)
OPERATING EXPENSES			
Salaries and benefits	81,470,902	80,105,311	1,365,591
Supplies, materials, and other operating expenses	14,055,605	14,275,501	(219,896)
Student financial aid	33,859,896	29,209,767	4,650,129
Depreciation	6,834,588	6,749,706	84,882
Total Operating Expenses	136,220,991	130,340,285	5,880,706
Operating Loss	(130,181,703)	(124,198,484)	(5,983,219)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	52,804,473	47,238,160	5,566,313
Property taxes	24,803,475	23,259,761	1,543,714
Federal grants and contracts	29,307,847	24,693,920	4,613,927
State grants and contracts	18,767,812	19,398,243	(630,431)
State taxes and other revenues	7,198,546	12,914,281	(5,715,735)
Investment income	804,281	574,981	229,300
Interest expense, net	(3,323,263)	(8,340,813)	5,017,550
Transfer to agency fund	(99,473)	6,815	(106,288)
Other non-operating revenues	1,834,489	3,932,916	(2,098,427)
Total Non-Operating Revenues (Expenses)	132,106,187	123,678,264	8,427,923
OTHER REVENUES (EXPENSES)			
State and local capital income	1,504,006	1,016,327	487,679
Change in Net Position	3,428,490	496,107	2,932,383
NET POSITION, BEGINNING OF YEAR	82,800,211	82,328,319	471,892
PRIOR PERIOD ADJUSTMENT (SEE NOTE 17)	5,257,554	(24,215)	5,281,769
NET POSITION, END OF YEAR	$ 91,486,255	$ 82,800,211	$ 8,686,044

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position presented on page 12.

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. There was an overall increase in the District's net position of $3.43 million, not including the prior period adjustment.

Operating Results for the Years Ended June 30, 2020 and 2019, continued:

Auxiliary revenue consists of Farm and Food Service revenues. The Food Service operation provides meals to the students and faculty of the college. The Farm operation provides farming revenue to supplement agriculture education costs and provide educational opportunities for students in agriculture.

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The interest income is primarily the result of cash held at the Tulare County Treasurer. The interest expense relates to interest payments on the long-term obligations which are described in Note 11 of the financial statements; primarily General Obligation Bonds. The District has recorded the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the Notes to Financial Statements as Note 7.

In accordance with requirements set forth by the California State System's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

June 30, 2020

	Salaries	Employee Benefits	Supplies Materials and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 27,299,991	$ 11,881,136	$ 2,159,598	$ -	$ 41,340,725
Academic support	4,708,923	3,161,594	-	-	7,870,517
Student services	9,773,785	6,171,643	717,804	-	16,663,232
Plant operations and maintenance	2,041,806	1,761,109	3,086,124	-	6,889,039
Instructional support services	7,218,973	5,022,768	3,096,118	-	15,337,859
Community services and economic development	343,869	170,815	141,462	-	656,146
Ancillary services and auxiliary operations	1,205,966	708,524	1,467,630	-	3,382,120
Student aid	-	-	33,857,341	-	33,857,341
Physical property and related acquisitions	-	-	3,389,424	-	3,389,424
Depreciation expense	-	-	-	6,834,588	6,834,588
Total	$ 52,593,313	$ 28,877,589	$ 47,915,501	$ 6,834,588	$ 136,220,991

June 30, 2019

	Salaries	Employee Benefits	Supplies Materials and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 24,895,522	$ 13,483,494	$ 3,845,093	$ -	$ 42,224,109
Academic support	4,882,512	3,329,054	-	-	8,211,566
Student services	8,800,552	6,260,045	1,262,101	-	16,322,698
Plant operations and maintenance	1,974,571	1,982,079	2,907,517	-	6,864,167
Instructional support services	6,469,338	5,267,839	3,741,056	-	15,478,233
Community services and economic development	381,028	203,970	133,108	-	718,106
Ancillary services and auxiliary operations	1,365,549	809,758	1,518,473	-	3,693,780
Student aid	-	-	29,208,565	-	29,208,565
Physical property and related acquisitions	-	-	869,355	-	869,355
Depreciation expense	-	-	-	6,749,706	6,749,706
Total	$ 48,769,072	$ 31,336,239	$ 43,485,268	$ 6,749,706	$ 130,340,285

Statement of Cash Flows for the Year Ended June 30, 2020 and 2019:

Cash Provided by (Used in)	2020	2019	Change
Operating activities	$ (117,899,248)	$ (112,455,867)	$ (5,443,381)
Noncapital financing activities	131,059,821	123,767,528	7,292,293
Capital financing activities	(5,657,949)	(1,785,580)	(3,872,369)
Investing activities	1,381,410	1,025,713	355,697
Net Increase (Decrease) in Cash	$ 8,884,034	$ 10,551,794	$ (1,667,760)

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it come from the general resources of the State and not from the primary users of the colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

ECONOMIC FACTORS AFFECTING THE FUTURE OF COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

Fiscal year 2019-2020 was a very strong financial year for College of the Sequoias. The District received 3.26% COLA, and the new Student Center Funding Formula projected an increase of $2,608,173. In addition, the District budgeted for additional PERS/STRS costs two years in advance: 2020-21 costs of $1,003,336, and 2021-22 costs of $85,045.

College of the Sequoias settled negotiations with CSEA, COSTA, and COSAFA in a very timely manner, implementing an increase to benefits cap to cover 50 percent of the Health & Welfare annual increase for fiscal year 2019-20, and a 4% salary increase for all groups, including management and confidentials.

State Fiscal Impact of COVID-19 Pandemic

The 2020-21 budget outlook since the initial release of the Governor's Budget on January 10 has deteriorated precipitously due to the COVID-19 pandemic and the ensuing recession. In January, the administration projected a $5.6 billion surplus for 2020-21 and $21 billion in reserves, including $18 billion in the state's Rainy Day Fund. Following three quarters of strong economic growth, the state's economy entered a deep and unexpected recession in the fourth quarter. The recession, combined with $5.7 billion in new spending related to the state's COVID-19 response, transformed the projected surplus to a $54.3 billion deficit. To address the deficit at a state government level, the approved budget omits most new spending that is unrelated to the COVID-19 pandemic, reduces funding for several ongoing programs including universities, delays payments to schools and community colleges, and reduces employee compensation through collective bargaining agreements and furloughs.

ECONOMIC FACTORS AFFECTING THE FUTURE OF COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT, continued

State Fiscal Impact of COVID-19 Pandemic, continued

It also raises new revenue from temporary changes to corporate taxes and uses budget reserves and federal relief funds to mitigate reductions. The result is a decline in overall state General Fund spending of approximately 9% compared to 2019-20.

Impacts on District Budgets

Throughout 2020-21, emergency conditions under Title 5, Section 58146 will continue to be in effect. This section provides funding allowances due to emergency conditions such as the COVID-19 pandemic. The intent behind this section is to prevent districts from losing apportionment as a result of emergency conditions. The Chancellor’s Office continues to assess the short-term and long-term financial impacts of COVID-19 and has been providing districts with updates as they become available.

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 Ron Ballesteros-Perez, Vice President, Administration Services at the College of the Sequoias Community College District, 915 South Mooney Blvd., Visalia, California 93277, or e-mail at ronb@cos.edu.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2020

ASSETS		
Current Assets:		
Cash and investments	$	42,929,346
Restricted investments		31,646,100
Accounts receivable, net		9,306,921
Inventory		83,591
Prepaid expenses		616,975
Total Current Assets		84,582,933
Noncurrent Assets:		
Unamortized discounts		27,159
Capital assets, net		187,226,090
Total Noncurrent Assets		187,253,249
TOTAL ASSETS		271,836,182
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings		1,191,473
Deferred outflows related to OPEB		1,020,304
Deferred outflows related to pensions		22,760,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES		24,972,283
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	296,808,465
LIABILITIES		
Current Liabilities:		
Accounts payable	$	4,512,248
Unearned revenue		10,536,219
Long-term debt, current portion		4,030,357
Total Current Liabilities		19,078,824
Noncurrent Liabilities:		
Compensated absences		2,828,845
Net OPEB liability		1,607,859
Net pension liability		75,804,920
Long-term debt, non-current portion		102,252,721
Total Noncurrent Liabilities		182,494,345
TOTAL LIABILITIES		201,573,169
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on refunding		133,626
Deferred inflows related to pensions		3,615,415
TOTAL DEFERRED INFLOWS OF RESOURCES		3,749,041
NET POSITION		
Net investment in capital assets		80,943,012
Restricted for:		
Debt service		22,270,558
Capital projects		10,830,698
Other special purposes		13,065,895
Unrestricted		(35,623,908)
TOTAL NET POSITION		91,486,255
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	296,808,465

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

OPERATING REVENUES	
Tuition and fees	$ 12,431,536
Less: Scholarship discounts and allowances	(8,051,196)
Net tuition and fees	4,380,340
Auxiliary enterprise sales and charges	
Cafeteria	816,753
Farm	842,195
TOTAL OPERATING REVENUES	6,039,288
OPERATING EXPENSES	
Salaries	52,593,313
Employee benefits	28,877,589
Supplies, materials, and other operating expenses and services	14,055,605
Student aid	33,859,896
Depreciation	6,834,588
TOTAL OPERATING EXPENSES	136,220,991
OPERATING LOSS	(130,181,703)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	52,804,473
Local property taxes	17,528,433
Taxes levied for other speific purposes	7,275,042
State taxes and other revenues	7,198,546
Investment income, noncapital	804,281
Interest expense on capital asset-related debt	(3,323,263)
Grants and Contracts, noncapital:	
Federal	29,307,847
State	18,767,812
Transfer from agency funds	8,000
Other transfers	(99,473)
Local grants and other non-operating income	1,834,489
TOTAL NON-OPERATING REVENUES (EXPENSES)	132,106,187
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	1,924,484
State revenues, capital	926,877
Local revenues, capital	577,129
TOTAL OTHER REVENUES	1,504,006
CHANGE IN NET POSITION	3,428,490
NET POSITION, BEGINNING OF YEAR	82,800,211
PRIOR YEAR ADJUSTMENT (SEE NOTE 17)	5,257,554
NET POSITION, END OF YEAR	$ 91,486,255

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 4,380,340
Payments to students and vendors for financial aid, supplies and services	(47,814,661)
Payments to or on behalf of employees	(76,123,875)
Auxiliary enterprise sales and charges	1,658,948
Net Cash Used by Operating Activities	(117,899,248)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	57,994,668
Grants and contracts	46,839,107
Property taxes - non debt related	17,528,433
State taxes and other apportionments	7,198,546
Local grants and other non-operating revenues	1,590,540
Transfers in(out)	(91,473)
Net Cash Provided by Non-capital Financing Activities	131,059,821
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(4,757,608)
State revenue, capital projects	926,877
Property taxes - related to capital debt	7,275,042
Principal paid on capital debt	(6,623,608)
Interest paid on capital debt	(2,478,652)
Net Cash Used by Capital Financing Activities	(5,657,949)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	1,381,410
Net Cash Provided by Investing Activities	1,381,410
NET INCREASE IN CASH & CASH EQUIVALENTS	8,884,034
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	65,691,412
CASH & CASH EQUIVALENTS, END OF YEAR	$ 74,575,446

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (130,181,703)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	6,834,588
Changes in Assets and Liabilities:	
Accounts receivables, net	86,526
Inventory	1,375
Prepaid expenses	(101,315)
Accounts payable and accrued liabilities	(582,896)
Unearned revenue	144,026
Compensated absences	282,260
Deferred outflows of resources	(201,122)
Net pension liability	5,668,723
Net OPEB liability	(314,895)
Deferred inflows of resources	465,185
Total Adjustments	12,282,455
Net Cash Used By Operating Activities	$ (117,899,248)

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2020

	Agency Funds	Trust Funds
ASSETS		
Cash and cash equivalents	$ 1,396,814	$ 725,693
Accounts receivable, net	152,269	15,382
Total Assets	1,549,083	741,085
LIABILITIES		
Accounts payable	7,218	29,108
Deferred revenue	171,034	125,753
Total Liabilities	178,252	154,861
NET POSITION		
Unreserved	1,370,831	586,224
Total Net Position	$ 1,370,831	$ 586,224

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Agency Funds	Trust Funds
OPERATING REVENUES:		
Local revenue	$ 456,072	$ 342,124
Total Operating Revenues	456,072	342,124
OPERATING EXPENSES:		
Salaries	14,918	111,867
Employee benefits	7,791	53,888
Supplies and materials	16,072	151,972
Other operating expenses	349,923	8,394
Total Operating Expenses	388,704	326,121
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	71,474
Operating transfers out	(8,000)	(71,474)
Total Other Financing Sources (Uses)	(8,000)	-
Net Change in Net Position	59,368	16,003
Net Position - Beginning of Year	1,311,463	570,221
Net Position - End of Year	$ 1,370,831	$ 586,224

ASSETS		
Current Assets:		
Cash and cash equivalents	$	1,897,463
Investments		8,897,672
TOTAL CURRENT ASSETS		10,795,135
TOTAL ASSETS	$	10,795,135
NET ASSETS		
Net assets without donor restrictions		8,405,785
Net assets with donor restrictions		2,389,350
TOTAL NET ASSETS	$	10,795,135

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

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions:			
General contributions	$ 340,320	$ -	$ 340,320
Endowed scholarships	-	79,224	79,224
Outside scholarships	-	171,008	171,008
Inside scholarships	-	256,411	256,411
Revenues:			
Investment income (interest, dividends, and realized gains)	280,825	-	280,825
Fundraisers	200,589	-	200,589
Program Fees	194,180	-	194,180
Unrealized gain/(loss) on value of investments	(55,255)	-	(55,255)
Net assets released from restrictions	484,763	(484,763)	-
TOTAL SUPPORT AND REVENUES	$ 1,445,422	$ 21,880	$ 1,467,302
EXPENSES:			
Scholarships:			
Endowed scholarships	$ 90,300	$ -	$ 90,300
Outside scholarships	171,463	-	171,463
Inside scholarships	281,821	-	281,821
College enhancement	648,434	-	648,434
General administrative	297,366	-	297,366
TOTAL EXPENSES	1,489,384	-	1,489,384
CHANGE IN NET ASSETS	(43,962)	21,880	(22,082)
NET ASSETS, BEGINNING OF YEAR	8,449,747	2,367,470	10,817,217
NET ASSETS, END OF YEAR	$ 8,405,785	$ 2,389,350	$ 10,795,135

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (22,082)
Net cash used by operating activities:	(22,082)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net change in investments	1,660,026
Net cash provided by investing activities:	1,660,026
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,637,944
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	259,519
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,897,463

NOTE 1 - ORGANIZATION

The College of the Sequoias Community College District (the District) was established in 1926 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of Tulare and Kings Counties. 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. Currently, the District operates one college with two educational centers located in the Counties of Tulare and Kings, State of 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

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The 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:

- **College of the Sequoias Foundation**

  The College of the Sequoias 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 38-member 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.

  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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 915 South Mooney Blvd., Visalia, CA 93277.

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.

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. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. 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 intra-agency 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 and auxiliary activities through the bookstore and cafeteria.

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 students (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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
- 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 represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

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

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

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 District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for the student related accounts receivable is $2,563,074 for the fiscal year ending June 30, 2020. This allowance is based upon management's estimates and analysis. Management has analyzed these accounts and believes the net amounts are fully collectable.

Prepaid Expenses

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services and that will benefit periods beyond June 30. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Inventories

Inventories consists primarily of farm livestock and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

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, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Debt 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.

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 pension 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 pension 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 yearend 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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 revenue includes (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 bonds and certificates of participation, compensated absences, capital lease obligations, pensions, and lease revenue bonds 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. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

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 resources when an expense is incurred for purposes 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 financial statements report $46,167,151 of restricted net position.

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.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. 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 Counties of Tulare, Kings, and Fresno bill and collect the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed numerous General Obligation Bonds for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

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.

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. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. 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*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Foundation Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets, net assets with donor restriction and net assets without donor restriction. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The College of the Sequoias Foundation and the College of the Sequoias Community College District are financial interrelated organizations as defined by Transfers of Assets to a Nonprofit or Charitable Trust That Holds Contributions for Others. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets 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 unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2020. The District has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2021. The District has not determined the impact on the financial statements

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 accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

General Authorizations

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

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

Summary of Deposits and Investments

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

Primary government	$ 74,575,446
Fiduciary funds	2,122,507
Total Deposits and Investments	$ 76,697,953
Cash on hand and in banks	$ 2,335,764
Cash in revolving	49,608
Cash with fiscal agent	21,785
Investments	74,290,796
Total Deposits and Investments	$ 76,697,953

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	$ 74,118,796	$ -	$ 74,118,796	$ -	$ -
State Investment Pool	172,000	-	172,000	-	-
Held by Trustee:					
GASB 75 Trust-Balanced Portfolio	11,034,406	11,034,406	-	-	-
	$ 85,325,202	$ 11,034,406	$ 74,290,796	$ -	$ -

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Issuer	Investment Type	Reported Amount
GASB 75 Trust-Balanced Portfolio	Balanced Portfolio	$ 11,034,406

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, approximately $1,657,157 of the District's bank balance was in excess of FDIC insured amounts, however, this amount was not exposed to custodial credit risk because of the pledged securities previously described.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. 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. Of the investment in the GASB 45 Trust-balanced portfolio of $11,034,406, the District has a custodial credit risk exposure of $11,034,406 because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

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 Tulare County Treasury Investment Pool, State Investment Pool, and the GASB 45 Trust-Balanced Portfolio 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.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources and are as follows:

	Primary Government	Fiduciary
Federal Government		
Categorical aid	$ 1,016,119	$ -
State Government		
Categorical aid	679,902	-
Other state sources	3,067,159	-
Local Sources	732,403	15,382
Subtotal	5,495,583	15,382
Student loans and grants receivable, net	3,811,338	152,269
Total	$ 9,306,921	$ 167,651

NOTE 6 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2020, consist of vendor payments totaling $616,975.

NOTE 7 - CAPITAL ASSETS

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets not being Depreciated				
Land	$ 13,080,730	$ 2,882,312	$ -	$ 15,963,042
Construction in progress	133,283	1,213,437	-	1,346,720
Total Capital Assets Not Being Depreciated	13,214,013	4,095,749	-	17,309,762
Capital Assets Being Depreciated				
Land improvements	17,847,612	-	-	17,847,612
Buildings and improvements	211,412,043	90,141	-	211,502,184
Furniture and equipment	12,839,947	760,270	201,896	13,398,321
Total Capital Assets Being Depreciated	242,099,602	850,411	201,896	242,748,117
Total Capital Assets	255,313,615	4,946,160	201,896	260,057,879
Less Accumulated Depreciation				
Land improvements	6,574,600	823,423	-	7,398,023
Buildings and improvements	50,443,547	5,243,247	-	55,686,794
Furniture and equipment	8,992,398	902,597	148,023	9,746,972
Total Accumulated Depreciation	66,010,545	6,969,267	148,023	72,831,789
Net Capital Assets	$ 189,303,070	$ (2,023,107)	$ 53,873	$ 187,226,090

Depreciation expense for the year was $6,969,267.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2020, consist of the following:

	Primary Government	Fiduciary Fund	Total
Vendor invoices	$ 1,895,802	$ 36,326	$ 1,932,128
State apportionment	321,723	-	321,723
Benefits	268,715	-	268,715
Deferred payroll	941,312	-	941,312
Interest	1,062,386	-	1,062,386
Food services	22,310	-	22,310
Total	$ 4,512,248	$ 36,326	$ 4,548,574

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2020, consists of the following:

	Primary Government	Fiduciary Funds	Total
Federal financial assistance	$ 75,027	$ -	$ 75,027
State categorical aid	6,766,777	-	6,766,777
Student fees	2,974,195	296,787	3,270,982
Other local	720,220	-	720,220
Total	$ 10,536,219	$ 296,787	$ 10,833,006

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (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, except for the net amounts between them.

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, except for the net amounts between them.

NOTE 11 - LONG-TERM OBLIGATIONS

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

	Balance July 01, 2019	Adjustment for Restatement	Additions	Deductions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds						
2006 Series A, General obligation bonds (Hanford)						
Capital appreciation	$ 1,786,026	$ (349,306)	$ -	$ 440,000	$ 996,720	$ 495,000
2008 Series B, General obligation bonds (Hanford)						
Current interest	2,500,000	-	-	435,000	2,065,000	465,000
Capital appreciation	5,166,425	-	382,081	-	5,548,506	-
2008 Series C, General obligation bonds (Hanford)						
Current interest - refunding	11,885,000	-	-	25,000	11,860,000	25,000
2008 Series A, General obligation bonds (Tulare)						
Capital appreciation	7,158,571	(881,547)	-	910,000	5,367,024	975,000
2008 Series B, General obligation bonds (Tulare)						
Current interest	3,650,000	-	-	295,000	3,355,000	340,000
Capital appreciation	11,699,103	-	73,346	-	11,772,449	-
2008 Series C, General obligation bonds (Tulare)						
Current interest	1,360,000	-	-	65,000	1,295,000	60,000
Capital appreciation	3,126,412	-	26,144	-	3,152,556	-
2008 Series D, General obligation bonds (Tulare)						
Current interest	3,555,000	-	-	60,000	3,495,000	65,000
2008 Series E, General obligation bonds (Tulare)						
Current interest - refunding	13,670,000	-	-	40,000	13,630,000	40,000
2008 Series A, General obligation bonds (Visalia)						
Capital appreciation	6,179,864	(1,042,540)	-	865,000	4,272,324	930,000
2008 Series B, General obligation bonds (Visalia)						
Current interest	4,650,000	-	-	4,650,000	-	-
Capital appreciation	973,059	-	114,928	-	1,087,987	-
2008 Series C, General obligation bonds (Visalia)						
Capital appreciation	1,227,749	-	106,806	55,000	1,279,555	70,000
2008 Series D, General obligation bonds (Visalia)						
Current interest - refunding	19,275,000	-	-	55,000	19,220,000	60,000
2020 General obligation refunding bonds (Visalia)						
Current interest - refunding	-	-	4,260,000	-	4,260,000	90,000
Unamortized premium	6,873,245	-	679,427	989,285	6,563,387	-
Total general obligation bonds	104,735,454	(2,273,393)	5,642,732	8,884,285	99,220,508	3,615,000
Other Long-Term Liabilities						
Certificates of participation 2004	2,530,000	-	-	120,000	2,410,000	125,000
Lease Revenue Bonds, Series 2010A	2,485,000	-	-	110,000	2,375,000	115,000
Capital Leases - Solar Project	2,452,927	-	-	175,357	2,277,570	175,357
Compensated absences	2,546,585	-	282,260	-	2,828,845	-
Net OPEB liability (asset)	1,922,754	-	-	314,895	1,607,859	-
Net pension liability	70,136,197	-	5,668,723	-	75,804,920	-
Total Other Long-Term Liabilities	82,073,463	-	5,950,983	720,252	87,304,194	415,357
Total Long-Term Obligations	$ 186,808,917	$ (2,273,393)	$ 11,593,715	$ 9,604,537	$ 186,524,702	$ 4,030,357

Payments on the Certificates of Participation are paid by the General Fund and the Student Center Trust. Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the Lease Revenue Bonds, Bond Anticipation Note, and capital leases are made by the General Fund. The accumulated vacation, banked leave, and the early retirement incentive will be paid by the fund for which the employee worked.

NOTE 11 - LONG-TERM OBLIGATIONS, continued

Certificates of Participation

In January 2005, the College of the Sequoias Community College District, through the California School Board Association Financing Corporation, issued certificates of participation in the amount of $3,945,000 with interest rates ranging from 2.00 percent to 4.35 percent. The proceeds of the sale were used to finance the renovation of the bookstore and student center facility.

The certificates mature through 2034 as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 125,000	$ 113,975	$ 238,975
2022	130,000	108,538	238,538
2023	135,000	102,363	237,363
2024	145,000	95,950	240,950
2025	150,000	89,063	239,063
2026-2030	865,000	331,551	1,196,551
2031-2034	860,000	104,500	964,500
Total	$ 2,410,000	$ 945,940	$ 3,355,940

Bonded Debt

The District's bonded debt is summarized as follows:

Year Issued	Campus	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Adjustment for Restatement	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2020
General obligation bonds									
2006	Hanford	2/1/2033	3.58-4.25	$ 14,999,982	$ 1,786,026	$ (349,306)	$ -	$ 440,000	$ 996,720
2008	Hanford	2/1/2034	1.85-6.99	6,995,778	7,666,425	-	382,081	435,000	7,613,506
2017	Hanford	8/1/2032	2.00-5.00	12,175,000	11,885,000	-	-	25,000	11,860,000
2008	Tulare	8/1/2033	2.40-6.36	19,998,219	7,158,571	(881,547)	-	910,000	5,367,024
2011	Tulare	8/1/2040	3.28-7.62	10,004,927	15,349,103	-	73,346	295,000	15,127,449
2013	Tulare	8/1/2042	2.09-5.20	3,401,460	4,486,412	-	26,144	65,000	4,447,556
2016	Tulare	8/1/2040	3.00-5.00	3,710,000	3,555,000	-	-	60,000	3,495,000
2017	Tulare	8/1/2032	3.00-5.00	14,015,000	13,670,000	-	-	40,000	13,630,000
2008	Visalia	8/1/2033	2.40-6.22	17,997,404	6,179,864	(1,042,540)	-	865,000	4,272,324
2010	Visalia	8/1/2039	5.10-6.61	4,999,652	5,623,059	-	114,928	4,650,000	1,087,987
2011	Visalia	8/1/2036	4.12-7.74	4,995,439	1,227,749	-	106,806	55,000	1,279,555
2017	Visalia	8/1/2036	3.00-5.00	19,695,000	19,275,000	-	-	55,000	19,220,000
2020	Visalia	8/1/1939	2.20-4.00	4,260,000	-	-	4,260,000	-	4,260,000
Lease revenue bonds									
2010	Hanford	6/1/2035	3.00-5.28	3,310,000	2,485,000	-	-	110,000	2,375,000
					$ 100,347,209	$ (2,273,393)	$ 4,963,305	$ 8,005,000	$ 95,032,121

NOTE 11 - LONG-TERM OBLIGATIONS, continued

2006 Hanford Series A, General Obligation Bonds:

Fiscal Year	Principal	Accreted Interest	Total
2021	$ 128,606	$ 366,394	$ 495,000
2022	130,358	424,642	555,000
Accretion	737,756	(737,756)	-
Total	$ 996,720	$ 53,280	$ 1,050,000

2008 Hanford Series B, General Obligation Bonds:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	$ 465,000	$ 103,250	$ -	$ 568,250
2022	495,000	80,000	-	575,000
2023	535,000	55,250	-	590,250
2024	570,000	28,500	-	598,500
2025	217,890	-	397,105	614,995
2026-2030	937,432	-	2,291,261	3,228,693
2031-2035	1,295,456	-	6,617,022	7,912,478
Accretion	3,097,728	-	(3,097,728)	-
Total	$ 7,613,506	$ 267,000	$ 6,207,660	$ 14,088,166

2008 Hanford Series C, General Obligation Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 25,000	$ 523,500	$ 548,500
2022	25,000	523,000	548,000
2023	500,000	522,500	1,022,500
2024	590,000	497,500	1,087,500
2025	680,000	468,000	1,148,000
2026-2030	5,180,000	1,715,750	6,895,750
2031-2033	4,860,000	330,250	5,190,250
Total	$ 11,860,000	$ 4,580,500	$ 16,440,500

NOTE 11 - LONG-TERM OBLIGATIONS, continued

2008 Tulare Series A, General Obligation Bonds:

Fiscal Year	Principal	Accreted Interest	Total
2021	$ 301,714	$ 673,286	$ 975,000
2022	291,952	753,048	1,045,000
2023	282,486	837,514	1,120,000
2024	272,113	922,887	1,195,000
2025	261,087	1,008,913	1,270,000
2026	251,488	1,103,512	1,355,000
Accretion	3,706,184	(3,706,184)	-
Total	$ 5,367,024	$ 1,592,976	$ 6,960,000

2008 Tulare Series B, General Obligation Bonds:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	$ 340,000	$ 166,825	$ -	$ 506,825
2022	385,000	153,225	-	538,225
2023	35,000	536,575	-	571,575
2024	75,000	534,956	-	609,956
2025	115,000	531,488	-	646,488
2026-2030	1,370,000	2,522,169	-	3,892,169
2031-2035	1,696,313	2,079,481	5,218,687	3,775,794
2036-2040	2,615,347	1,959,675	13,677,092	4,575,022
2041-2042	2,580,222	627,125	5,364,778	3,207,347
Accretion	5,915,567	-	(5,915,567)	5,915,567
Total	$ 15,127,449	$ 9,111,519	$ 18,344,990	$ 24,238,968

2008 Tulare Series C, General Obligation Bonds:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	$ 60,000	$ 60,475	$ -	$ 120,475
2022	60,000	58,975	-	118,975
2023	55,000	57,175	-	112,175
2024	50,000	54,700	-	104,700
2025	50,000	52,950	-	102,950
2026-2030	160,000	235,063	-	395,063
2031-2035	255,617	1,600,010	619,383	2,475,010
2036-2040	681,200	1,826,648	1,738,800	4,246,648
2041-2043	1,899,644	596,382	2,715,356	5,211,382
Accretion	1,176,095	-	(1,176,095)	-
Total	$ 4,447,556	$ 4,542,378	$ 3,897,444	$ 12,887,378

NOTE 11 - LONG-TERM OBLIGATIONS, continued

2008 Tulare Series D, General Obligation Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 65,000	$ 123,650	$ 188,650
2022	70,000	120,400	190,400
2023	80,000	116,900	196,900
2024	85,000	112,900	197,900
2025	95,000	108,650	203,650
2026-2030	660,000	461,450	1,121,450
2031-2035	890,000	315,600	1,205,600
2036-2040	1,240,000	168,000	1,408,000
2041	310,000	9,688	319,688
Total	$ 3,495,000	$ 1,537,238	$ 5,032,238

2008 Tulare Series E, General Obligation Refunding Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 40,000	$ 569,850	$ 609,850
2022	45,000	567,850	612,850
2023	45,000	565,600	610,600
2024	45,000	563,350	608,350
2025	45,000	561,100	606,100
2026-2030	6,775,000	2,315,250	9,090,250
2031-2033	6,635,000	422,600	7,057,600
Total	$ 13,630,000	$ 5,565,600	$ 19,195,600

2008 Visalia Series A, General Obligation Bonds:

Fiscal Year	Principal	Accreted Interest	Total
2021	$ 261,237	$ 668,763	$ 930,000
2022	250,213	744,787	995,000
2023	239,753	825,247	1,065,000
2024	229,744	910,256	1,140,000
2025	219,198	995,802	1,215,000
Accretion	3,072,179	(3,072,179)	-
Total	$ 4,272,324	$ 1,072,676	$ 5,345,000

NOTE 11 - LONG-TERM OBLIGATIONS, continued

2008 Visalia Series B, General Obligation Bonds:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	$ -	$ -	$ -	$ -
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026-2030	-	-	-	-
2031-2035	221,185	-	3,073,815	3,295,000
2036-2040	128,467	-	2,396,533	2,525,000
Accretion	738,335	-	(738,335)	-
Total	$ 1,087,987	$ -	$ 4,732,013	$ 5,820,000

2008 Visalia Series C, Capital Appreciation General Obligation Bonds:

Fiscal Year	Principal	Accreted Interest	Total
2021	$ 23,483	$ 46,517	$ 70,000
2022	26,870	63,130	90,000
2023	29,229	80,771	110,000
2024	29,561	95,439	125,000
2025	30,518	114,482	145,000
2026-2030	245,634	1,419,366	1,665,000
2031	43,932	376,068	420,000
Accretion	850,328	(850,328)	-
Total	$ 1,279,555	$ 1,345,445	$ 2,625,000

2008 Visalia Series D, Current Interest General Obligation Refunding Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 60,000	$ 747,419	$ 807,419
2022	60,000	744,419	804,419
2023	60,000	741,418	801,418
2024	60,000	738,418	798,418
2025	65,000	735,418	800,418
2026-2030	6,830,000	3,049,845	9,879,845
2031-2035	8,885,000	1,294,944	10,179,944
2036-2037	3,200,000	158,113	3,358,113
Total	$ 19,220,000	$ 8,209,994	$ 27,429,994

NOTE 11 - LONG-TERM OBLIGATIONS, continued

2020 Visalia, Current Interest General Obligation Refunding Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 90,000	$ 24,613	$ 114,613
2022	-	166,800	166,800
2023	-	166,800	166,800
2024	-	166,800	166,800
2025	-	166,800	166,800
2026-2030	-	834,000	834,000
2031-2035	-	834,000	834,000
2036-2040	4,170,000	756,400	4,926,400
Total	4,260,000	3,116,213	7,376,213

Lease Revenue Bonds

2010 Series A, Lease Revenue Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 115,000	$ 116,169	$ 231,169
2022	120,000	111,425	231,425
2023	120,000	106,325	226,325
2024	130,000	101,075	231,075
2025	135,000	95,225	230,225
2026-2030	770,000	371,655	1,141,655
2031-2035	985,000	155,800	1,140,800
Total	$ 2,375,000	$ 1,057,674	$ 3,432,674

NOTE 11 - LONG-TERM OBLIGATIONS, continued

Premiums on Issuances

The following premiums on the District' bonds will be amortized over the life of the obligation:

Issuance	Campus	Unamortized Premium
2008 Series B	Hanford	$ 216,603
2008 Series C	Hanford	1,575,174
2008 Series A	Tulare	140,302
2008 Series B	Tulare	483,241
2008 Series D	Tulare	197,789
2008 Series E	Tulare	1,538,821
2008 Series A	Visalia	117,429
2008 Series B	Visalia	80,582
2008 Series C	Visalia	41,604
2008 Series D	Visalia	1,528,174
2020 Refunding	Visalia	643,668
Total unamortized premium		$ 6,563,387

Capital Lease - Solar Project

The District's liability on the capital lease agreement is summarized below:

Fiscal Year	Lease Payment
2021	$ 175,357
2022	175,357
2023	175,357
2024	175,357
2025	175,357
2026-2030	876,787
2031-2033	523,998
Total	$ 2,277,570

Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation and banked leave for the District at June 30, 2020, amounted to $2,828,845.

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,607,859	$ 1,020,304	$ -	$ 180,759

Plan Description

The Retiree Health Benefits Joint Powers Agency administers the District's Postemployment Benefits Plan – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees of the District. Financial information for the Retiree Health Benefits Joint Powers Agency can be obtained through the JPA at the Community College League of California at 2017 O Street, Sacramento, CA 95811.

The Retiree Health Benefits Funding Program Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Retiree Health Benefits Joint Powers Agency. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses.

The following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical, dental, and vision	Medical, dental, and vision	Medical, dental, and vision
Duration of Benefits	To age 65*	To age 65	To age 65*
Required Service	10 years*	10 years	10 years*
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
College Contribution %	100% up to cap**	100% up to cap**	100% up to cap**
College Cap	Same as active*	Same as active	Same as active*

*Employees with at least 20 years of service received either $1,500 toward the cost of retiree coverage (if not Medicare eligible) or an annual incentive payment that increases by 2% per year. These cash benefits are outside the scope of this report.

**Cap amount is subject to negotiation

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2019, the most current actuarial study measurement date:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	67
Active Employees	417
Total number of participants	484

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2019-2020, the District did not make any contributions to the irrevocable OPEB Trust. The District had a net OPEB liability of $1,607,859 as of June 30, 2019, the most current actuarial study measurement date.

OPEB Plan Investments

The plan discount rate of 6% was determined using the following asset allocation and assumed rate of return:

Asset Class	Target Allocation	Rate of Long-Term Expected Real Rate of Return
U.S. Large Cap	29%	7.80%
U.S. Small Cap	13%	7.80%
All foreign stock	9%	7.80%
Other fixed income	49%	3.25%
Total	100%	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average.

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2018	$ 11,546,378	$ 9,623,624	$ 1,922,754
Changes for the year:			
Service cost	795,332	-	795,332
Interest on TOL	691,061	-	691,061
Employer contributions	-	1,192,710	(1,192,710)
Expected investment income	-	587,196	(587,196)
Investment gains/losses	-	35,421	(35,421)
Administrative expense	-	(14,039)	14,039
Expected benefit payments	(852,710)	(852,710)	-
Net change	633,683	948,578	(314,895)
Balance June 30, 2019	$ 12,180,061	$ 10,572,202	$ 1,607,859

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

For the year ended June 30, 2020, the District recognized OPEB expense of $180,759. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 31,195	$ -
Differences between expected and actual experience	796,818	-
Change in assumptions	192,291	-
Total	$ 1,020,304	$ -

The deferred outflow of resources 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 inflows of resources resulting from a change in assumption will be amortized to OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 120,233
2022	120,232
2023	83,135
2024	88,027
2025	95,108
Thereafter	513,569
Total	$ 1,020,304

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 6.00 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.00 percent) and 1 percent higher (7.00):

	Discount Rate 1% Lower (5.00%)	Current Discount Rate (6.00%)	Discount Rate 1% Higher (7.00%)
Net OPEB liability	$ 2,498,324	$ 1,607,859	$ 806,182

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Trend Rate 1% Lower (3.00%)	Trend Rate Current Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 726,144	$ 1,607,859	$ 2,555,204

NOTE 13 - RISK MANAGEMENT

Health and Welfare

Employee health coverage benefits are covered by the Self-Insured Schools of California joint powers agency through contribution made by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Property and Liability

During fiscal year ending June 30, 2020, the District contracted with the Statewide Association of Community Colleges joint powers agency for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

During fiscal year ending June 30, 2020, the District participated in the Tulare County Schools Insurance Group, an insurance purchasing pool. 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 insures 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.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2020, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense 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	$ 41,347,775	$ 13,555,566	$ 3,161,713	$ 5,805,345
CalPERS	34,457,145	9,204,940	453,702	8,054,440
Total	$ 75,804,920	$ 22,760,506	$ 3,615,415	$ 13,859,785

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 the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

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

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	18.13%	18.13%
Required state contribution rate	10.328%	10.328%

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $4,904,130

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

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

Total net pension liability, including State share:

District's proportionate share of the net pension liability	$	41,347,775
State's proportionate share of the net pension liability associated with the District		22,558,153
Total	$	63,905,928

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0460 percent and 0.0434 percent, respectively, resulting in a net increase in the proportionate share of 0.0026 percent.

For the year ended June 30, 2020, the District recognized pension expense of $5,805,345. In addition, the District recognized pension expense and revenue of $617,180 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 1,592,363
Differences between expected and actual experience	104,380	1,164,349
Changes in assumptions	5,229,000	-
Net changes in proportionate share of net pension liability	3,318,056	405,001
District contributions subsequent to the measurement date	4,904,130	-
Total	$ 13,555,566	$ 3,161,713

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 of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,549,801
2022	804,937
2023	1,617,140
2024	1,765,587
2025	(126,945)
Thereafter	(120,797)
	$ 5,489,723

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of twenty-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

*20-year geometric average

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

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	$ 61,570,259	$ 41,347,775	$ 24,579,484

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 the California Public Employees' Retirement System (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 provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	19.72%	19.72%

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, 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 the 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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $3,518,523.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,457,145. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1182 percent and 0.1136 percent, respectively, resulting in a net increase in the proportionate share of 0.0046 percent.

For the year ended June 30, 2020, the District recognized pension expense of $8,054,440. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 319,598
Differences between expected and actual experience	2,502,972	-
Changes in assumptions	1,640,267	-
Net changes in proportionate share of net pension liability	1,543,178	134,104
District contributions subsequent to the measurement date	3,518,523	-
Total	$ 9,204,940	$ 453,702

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflow 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 of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 3,445,149
2022	972,545
2023	481,129
2024	333,892
	$ 5,232,715

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. 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

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	$ 49,667,709	$ 34,457,145	$ 21,838,931

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS, continued

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 to CalSTRS for the fiscal year ended June 30, 2020, which amounted to $3,146,618. 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 nonoperating revenue and employee benefit expense.

Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE) Plan Description

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 Accumulation Program for Part-time and Limited-service Employees (APPLE) Plan as its alternative plan.

Active plan members are required to contribute 5.2 percent of their salary and the College of the Sequoias Community College District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the APPLE Board of Administration. The required employer contribution rate for fiscal year 2019-2020 was 2.3 percent of annual payroll. The contribution requirements of the plan members are established by State statute.

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

The District is a member of the Tulare County Schools Insurance Group, Statewide Association of Community Colleges, and the Self-Insured Schools of California public entity risk pools. The District pays an annual premium to each entity for its health, property and liability and workers' compensation coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities 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 entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed no Board members to the Governing Board of the Tulare County Schools Insurance Group or Self-Insured Schools of California. The Vice President of Administrative Services has been appointed to the Governing Board of the Statewide Association of Community Colleges.

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

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2020, the District made payments of $1,123,612, $550,583, and $8,555,860, to the Tulare County Schools Insurance Group, Statewide Association of Community Colleges, and the Self-Insured Schools of California, respectively.

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is not currently a party to any legal proceedings.

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The beginning net position increased by $5,257,554. This was due to District identified adjustments in the fund financial statements of $2,984,161 and $2,273,393 related to accreted interest on capital appreciation bonds.

NOTE 18 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2020 through January 26, 2021, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018
Total OPEB liability			
Service cost	$ 795,332	$ 564,631	$ 549,519
Interest	691,061	619,786	596,811
Experience gains/losses	-	950,054	-
Assumption changes	-	229,271	-
Benefit payments	(852,710)	(745,835)	(832,595)
Net change in total OPEB liability	633,683	1,617,907	313,735
Total OPEB liability, beginning of year	11,546,378	9,928,471	9,614,736
Total OPEB liability, end of year (a)	$ 12,180,061	$ 11,546,378	$ 9,928,471
Plan fiduciary net position			
Employer contributions	$ 1,192,710	$ 1,778,888	$ 1,385,595
Expected investment income	587,196	538,869	634,458
Investment gains/losses	35,421	24,440	-
Administrative expense	(14,039)	(487)	(500)
Expected benefit payments	(852,710)	(745,835)	(832,595)
Other	-	(9,445)	-
Change in plan fiduciary net position	948,578	1,586,430	1,186,958
Fiduciary trust net position, beginning of year	9,623,624	8,037,194	6,850,236
Fiduciary trust net position, end of year (b)	$ 10,572,202	$ 9,623,624	$ 8,037,194
Net OPEB liability, ending (a) - (b)	$ 1,607,859	$ 1,922,754	$ 1,891,277
Covered payroll	$ 41,000,000	$ 37,000,000	$ 36,000,000
Plan fiduciary net position as a percentage of the total OPEB liability	87%	83%	81%
Net OPEB liability as a percentage of covered payroll	4%	5%	5%

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Actuarially determined contribution	$ 787,474	$ 852,710	$ 832,595
Contributions in relations to the actuarially determined contribution	592,700	1,778,888	1,385,595
Contribution deficiency (excess)	$ 194,774	$ (926,178)	$ (553,000)
Covered-employee payroll	$ 41,000,000	$ 37,000,000	$ 36,000,000
Contribution as a percentage of covered-employee payroll	1.92%	2.30%	2.31%

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

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

CalSTRS	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.046%	0.043%	0.041%	0.039%	0.042%	0.042%
District's proportionate share of the net pension liability	$ 41,347,775	$ 39,840,555	$ 37,888,080	$ 31,812,928	$ 28,201,515	$ 24,273,400
State's proportionate share of the net pension liability associated with the District	22,558,153	22,811,678	22,414,450	18,110,532	14,915,493	14,657,327
Total	$ 63,905,928	$ 62,652,233	$ 60,302,530	$ 49,923,460	$ 43,117,008	$ 38,930,727
District's covered - employee payroll	$ 27,049,807	$ 26,580,627	$ 24,630,970	$ 20,511,705	$ 19,211,633	$ 18,895,418
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	152.86%	149.89%	153.82%	155.10%	146.79%	128.46%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	71.00%	69.00%	70.04%	74.00%	76.50%

CalPERS	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.118%	0.114%	0.111%	0.100%	0.102%	0.100%
District's proportionate share of the net pension liability	$ 34,457,145	$ 30,295,642	$ 26,460,479	$ 19,815,017	$ 15,021,316	$ 11,321,616
District's covered - employee payroll	$ 17,841,504	$ 16,376,055	$ 16,757,883	$ 9,706,431	$ 9,687,325	$ 9,094,691
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	193.13%	185.00%	157.90%	204.14%	155.06%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.90%	73.90%	79.40%	83.50%

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020

	Reporting Fiscal Year					
CalSTRS	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 4,904,130	$ 4,327,326	$ 3,554,249	$ 2,858,226	$ 2,200,906	$ 1,705,993
District's contributions in relation to the statutorily required contribution	4,904,130	4,327,326	3,554,249	2,858,226	2,200,906	1,705,993
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 27,049,807	$ 26,580,627	$ 24,630,970	$ 22,720,397	$ 20,511,705	$ 19,211,633
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year					
CalPERS	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 3,518,523	$ 2,957,843	$ 2,327,670	$ 1,962,936	$ 1,149,921	$ 1,140,295
District's contributions in relation to the statutorily required contribution	3,518,523	2,957,843	2,327,670	1,962,936	1,149,921	1,140,295
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 17,841,504	$ 16,376,055	$ 16,757,883	$ 14,134,044	$ 9,706,431	$ 9,687,325
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	13.89%	13.89%	11.85%	11.77%

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

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations.

Changes of Assumptions – There were no changes in assumptions since the previous valuations.

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 position 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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2020

The College of the Sequoias Community College District is located in Visalia, California. The College was established in 1926 and serves communities in Tulare and Kings Counties. There have been no changes to the District boundaries during the year. The District's main campus, Hanford Education Center and Tulare College Center are accredited by the Accrediting Commission for Community and Junior Colleges as part of the Sequoias Community College District.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Ken Nunes	President	2022
Mr. John Lehn	Vice President	2022
Mr. Raymond Macareno	Clerk	2020
Ms. Lori Cardoza	Trustee	2020
Mr. Greg Sherman	Trustee	2022
Vacant	Student Trustee	Not Applicable

DISTRICT ADMINISTRATION

Mr. Brent Calvin
Superintendent/President

Mrs. Jennifer Vega-LaSerna, Ph. D.
Vice President, Academic Services

Mrs. Jessica Morrison
Vice President, Student Services

Mr. Ron Ballesteros-Perez
Vice President, Administrative Services

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Assistance Cluster		
Federal Work Study	84.033	$ 351,003
Federal Work Study Administration	84.033	19,222
Supplemental Educational Opportunity Grants	84.007	363,367
Supplemental Educational Opportunity Grants Administration	84.007	19,023
TANF 50% Federal-Calworks	84.033	46,543
Pell Grant	84.063	23,421,986
Pell Grant Administration	84.063	17,766
Total Student Financial Assistance Cluster		24,238,910
Ttitle V Hispanic Serving Institue STEM/REALM	84.031S	564,306
TRIO Upward Bound Math/Science	84.047M	317,860
TRIO/SSS	84.047M	264,428
Vocational & Applied Technology Education Act (VATEA)		
Title II, Part C Student Support	84.048	436,607
Wildlife and Fish	N/A	299
CARES Act - Institutional Aid	84.425F	723,724
CARES Act - Student Aid	84.425E	1,929,000
CARES Act - HSI	84.425J	241,514
Passed Through the California Department of Rehabilitation:		
Workability III	84.126A	180,673
Subtotal U.S. Department of Education		28,897,321
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Veteran's Education	64.112	234
Subtotal U.S. Department of Veteran Affairs		234
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed Through the California Department of Education:		
Foster Care Education	93.658	77,340
Medical Administration Activities	93.778	856
Subtotal U.S. Department of Health and Human Services		78,196
U.S. DEPARTMENT OF LABOR		
Workforce Investment Act - Tulare	17.258	139,797
Workforce Investment Act - Kings	17.258	366
Subtotal U.S. Department of Labor		140,163
U.S. DEPARTMENT OF AGRICULTURE		
Schools and Roads Programs:		
Flood Control	10.665	519
Forest Reserve	10.665	11,117
Speciality Crop Block Grant	10.170	102,493
Subtotal U.S. Department of Agriculture		114,129
Total		$ 29,230,043

See accompanying note to supplementary information.

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

	Program Revenues					Total
Program	Cash Received	Prior Year Carryforward	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
General Fund						
2% ENRL	$ 162,738	$ -	$ -	$ -	$ 162,738	$ 162,738
Extended Opportunity Program and Services	1,315,042	-	-	31,262	1,283,780	1,283,780
CARE	269,195	-	-	-	269,195	269,195
NextUP	-	298,924	-	4,692	294,232	294,232
Disabled Students Programs and Services	-	1,571,249	-	71,001	1,500,248	1,500,250
TANF 50% State	46,543	-	-	-	46,543	46,543
Cal Works	565,018	-	-	53,995	511,023	511,023
Strong Workforce Regional	469,578	-	157,585	-	627,163	627,163
Strong Workforce Local #2	205,714	379,780	-	-	585,494	585,494
Strong Workforce Local #3	-	722,087	-	338,326	383,761	383,761
Strong Workforce Local #4	1,648,877	-	-	1,379,141	269,736	269,736
Block Grant Instructional Materials	-	38,746	-	-	38,746	38,746
Staff Diversity	50,000	71,366	-	69,059	52,307	52,307
Matriculation SSSP	3,117,305	228,801	-	214,199	3,131,907	3,131,907
Independent Living	6,313	-	16,187	-	22,500	22,500
YESS Transition Aged Foster Youth	1,039	-	-	-	1,039	1,039
Career Technical Education - Transitions	-	-	46,195	-	46,195	46,195
AB86 Adult Ed Block Grant	273,589	39,919	-	13,673	299,835	299,835
Part Time Faculty Office Hours	31,718	-	-	-	31,718	31,718
Part Time Faculty Parity	222,500	-	-	-	222,500	222,500
Basic Skills	349,216	340,049	-	428,837	260,428	260,428
Student Equity SEP	1,432,894	212,489	-	196,892	1,448,491	1,448,491
Mental Health Support	-	28,798	-	6,549	22,249	22,249
Foster Care Education	118,217	-	-	-	118,217	118,217
Cal Grant	3,598,286	-	879	-	3,599,165	3,599,165
Student Success Completion Grant	2,806,756	-	-	-	2,806,756	2,803,705
BFAP Administration Allowance	464,913	-	-	-	464,913	464,913
Scheduled Maintenance and Repair	123,642	-	-	75,351	48,291	48,291
Hunger Free Campus	33,923	61,197	-	32,930	62,190	62,190
Certified Nursing Assistant	50,000	67,485	-	39,699	77,786	77,786
Staff Development - Classified	-	37,811	-	35,061	2,750	2,750
Campus Safety	-	1,766	-	-	1,766	1,766
Economic Development DSN/CTE Hlth Svc	160,000	54,414	40,000	55,311	199,103	199,103
Statewide Navigator Advanced Manufacturing	33,358	-	-	-	33,358	33,358
ISPIC Tourism	15,000	-	-	7,638	7,362	7,362
Nursing Program Support	178,977	-	-	-	178,977	178,977
CTE CVC/OEI online pathways	84,040	-	38,320	-	122,360	122,360
Lottery Prop 20	299,629	1,737,108	266,868	2,172,969	130,636	130,636
Mandate cost	301,922	-	-	-	301,922	301,922
Veterans Resource Center	65,272	30,089	-	60,528	34,833	34,833
Veterans Resource Center One-time	60,000	16,090	-	-	76,090	76,090
Guided Pathways	342,348	536,473	-	673,074	205,747	205,747
Financial Aid Technology	49,607	50,559	-	49,607	50,559	50,559
College Promise	766,314	300,842	-	734,298	332,858	332,858
Faculty Hiring	459,162	-	-	-	459,162	459,162
Valley CAN Air	-	22,685	-	22,685	-	-
Scheduled Maintenance and Repair prior yr	-	10,977	-	-	10,977	10,977
COVID19 Response Block Grant	-	-	113,868	-	113,868	113,868
Subtotal	$ 20,178,645	$ 6,859,704	$ 679,902	$ 6,766,777	$ 20,951,474	$ 20,948,425

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

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	8.86	-	8.86
2. Credit	201.16	-	201.16
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	1.97	-	1.97
2. Credit	423.34	-	423.34
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,714.33	-	7,714.33
(b) Daily Census Contact Hours	151.93	-	151.93
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	462.53	-	462.53
(b) Credit	337.74	-	337.74
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	849.07	-	849.07
(b) Daily Census Contact Hours	285.80	-	285.80
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,436.73	-	10,436.73
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	243.76	-	243.76
2. Noncredit	451.32	-	451.32
Total Basic Skills FTES	695.08	-	695.08

See accompanying note to supplementary information.

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

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	15,850,965	-	15,850,965	15,850,965	-	15,850,965
Other	1300	8,017,647	-	8,017,647	8,017,647	-	8,017,647
Total Instructional Salaries		23,868,612	-	23,868,612	23,868,612	-	23,868,612
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,500,748	-	5,500,748
Other	1400	-	-	-	353,898	-	353,898
Total Non-Instructional Salaries		-	-	-	5,854,646	-	5,854,646
Total Academic Salaries		23,868,612	-	23,868,612	29,723,258	-	29,723,258
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	11,114,973	-	11,114,973
Other	2300	-	-	-	370,466	-	370,466
Total Non-Instructional Salaries		-	-	-	11,485,439	-	11,485,439
Instructional Aides							
Regular Status	2200	714,229	-	714,229	714,229	-	714,229
Other	2400	412,290	-	412,290	412,290	-	412,290
Total Instructional Aides		1,126,519	-	1,126,519	1,126,519	-	1,126,519
Total Classsified Salaries		1,126,519	-	1,126,519	12,611,958	-	12,611,958
Employee Benefits	3000	7,795,508	-	7,795,508	15,551,023	-	15,551,023
Supplies and Materials	4000	-	-	-	888,069	-	888,069
Other Operating Expenses	5000	273,479	-	273,479	5,262,690	-	5,262,690
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		33,064,118	-	33,064,118	64,036,998	-	64,036,998
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	513,900	-	513,900	513,900	-	513,900
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	28,966	-	28,966
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	628,830	-	628,830
Object to Exclude							
Rents and Leases	5060	-	-	-	654,335	-	654,335
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	-	-	-	113,938	-	113,938
Total Supplies and Materials		-	-	-	113,938	-	113,938
Other Operating Expenses and Services	5000	-	-	-	1,473,924	-	1,473,924
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 513,900	$ -	$ 513,900	$ 3,413,893	$ -	$ 3,413,893
Total for ECS 84362, 50% Law		$ 32,550,218	$ -	$ 32,550,218	$ 60,623,105	$ -	$ 60,623,105
Percent of CEE (Instructional Salary Cost/Total CEE)		53.69%	0.00%	53.69%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 30,311,553	$ -	$ 30,311,553

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2020

EPA Revenue	5,323,300

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	5,323,300	-	-	5,323,300
Total		5,323,300	-	-	5,323,300

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

There were no adjustments or reclassifications necessary to reconcile the Annual Financial and Budget Report (Form CCFS – 311) with the audited statements of net position and statement of revenues, expenses, and changes in net position other than those items related to GASB Statements Nos. 34 and 35.

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

Total Fund Equity - District Funds Included in the Reporting Entity		$ 69,053,810
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	$ 257,619,541	
Accumulated depreciation	(71,679,254)	185,940,287
Unmatured Interest		(1,062,386)
Unamortized Bond Discount		27,159
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		1,191,473
Deferred outflows related to OPEB		1,020,304
Deferred outflows related to pensions		22,760,506
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	$ 92,657,121	
Other long-term liabilities	7,062,570	
Premiums, net	6,563,387	
Net OPEB liability	1,607,859	
Net pension liability	75,804,920	(183,695,857)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to pensions		(3,615,415)
Net Assets Reported Within the Statements of Net Position		$ 91,486,255

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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Governmental Funds and Fiduciary Funds Statements), and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of Medi-Cal Administrative Assistance program prior year revenues spent in the current year.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		$ 29,307,847
FEMA	97.036	(78,660)
Medical Administration Activities	93.778	856
Total Schedule of Expenditures of Federal Awards		$ 29,230,043

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.

NOTE 1 - PURPOSE OF SCHEDULES, continued

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.

Proposition 30 Education Protection Act (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

This 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*

The Board of Trustees
College of the Sequoias Community College District
Visalia, 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 College of the Sequoias Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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
January 26, 2021

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

The Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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, 2020.

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Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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
January 26, 2021

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on State Compliance

We have audited College of the Sequoias Community College District's (the District) compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual 2019-20*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2020. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

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* 2019-20.

Auditors' Responsibility

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 2019-20*. 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.

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Unmodified Opinion for Each of the Programs

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, 2020. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

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

Purpose of this Report

The purpose of this report 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) 2019-20*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
January 26, 2021

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FINDINGS AND QUESTIONED COSTS SECTION

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditors' Results

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 reported
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, 84.425J	CARES Act

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 audit findings or questioned costs identified during 2019-20.

Section III – Federal Award Findings and Questioned Costs

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

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

Section IV – State Award Findings and Questioned Costs

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

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

Section V – Prior Year Audit Findings Summary

There were no findings or questioned costs identified during 2018-19.

UNAUDITED SUPPLEMENTARY INFORMATION

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Bond Interest and Redemption Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Farm Construction Fund	Student Financial Aid Fund	Total
ASSETS							
Cash and equivalents	$ 31,069,711	$ 22,179,316	$ 9,044,548	$ 9,466,784	$ 541,150	$ 493,034	$ 72,794,543
Accounts receivable, net	8,605,194	91,242	57,488	532,868	-	4,464	9,291,256
Prepaid assets	616,975	-	-	-	-	-	616,975
Due from other funds	407,863	-	4,100,000	-	604,142	-	5,112,005
Total Assets	$ 40,699,743	$ 22,270,558	$ 13,202,036	$ 9,999,652	$ 1,145,292	$ 497,498	$ 87,814,779
LIABILITIES							
Accounts payable	$ 2,502,587	$ -	$ 100,362	$ 235,223	$ 3,000	$ 501,059	$ 3,342,231
Deferred revenue	10,460,868	-	-	75,351	-	-	10,536,219
Compensated absences	1,762,858	-	-	-	-	-	1,762,858
Due to other funds	4,102,760	-	32,218	672	-	-	4,135,650
Total Liabilities	18,829,073	-	132,580	311,246	3,000	501,059	19,776,958
FUND EQUITY							
Restricted	-	22,270,558	13,069,456	9,688,406	1,142,292	(3,561)	46,167,151
Unassigned	21,870,670	-	-	-	-	-	21,870,670
Total Fund Equity	21,870,670	22,270,558	13,069,456	9,688,406	1,142,292	(3,561)	68,037,821
Total Liabilities and Fund Equity	$ 40,699,743	$ 22,270,558	$ 13,202,036	$ 9,999,652	$ 1,145,292	$ 497,498	$ 87,814,779

See accompanying note to unaudited supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Bond Interest and Redemption Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Farm Construction Fund	Student Financial Aid Fund	Total
REVENUES							
Federal	$ 3,593,496	$ -	$ -	$ -	$ -	$ 25,714,351	$ 29,307,847
State	68,601,112	-	-	926,877	-	6,405,921	75,933,910
Local	23,325,387	7,464,762	382,807	583,185	64,427	-	31,820,568
Total Revenues	95,519,995	7,464,762	382,807	1,510,062	64,427	32,120,272	137,062,325
EXPENDITURES							
Academic salaries	32,970,105	-	99,721	-	-	-	33,069,826
Classified salaries	18,832,485	-	244,148	-	-	-	19,076,633
Employee benefits	19,246,348	-	115,321	-	-	-	19,361,669
Supplies and materials	1,805,057	-	83,174	3,118	-	-	1,891,349
Other operating expenses	7,524,187	-	103,725	1,605,887	-	-	9,233,799
Capital outlay	1,980,175	-	-	1,526,355	2,882,313	-	6,388,843
Debt Service - Principal	470,791	3,245,000	-	-	-	-	3,715,791
Debt Service - Interest and other issuance costs	-	2,546,844	-	-	-	-	2,546,844
Total Expenditures	82,829,148	5,791,844	646,089	3,135,360	2,882,313	-	95,284,754
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,690,847	1,672,918	(263,282)	(1,625,298)	(2,817,886)	32,120,272	41,777,571
OTHER FINANCING SOURCES (USES)							
Operating transfer in	219,259	-	13,062,000	145,000	500,000	503,914	14,430,173
Operating transfer out	(14,645,008)	-	-	-	-	-	(14,645,008)
Other sources	-	-	-	-	-	-	-
Other uses	(1,236,206)	-	(2,554)	-	-	(32,621,136)	(33,859,896)
Total Other Financing Sources (Uses)	(15,661,955)	-	13,059,446	145,000	500,000	(32,117,222)	(34,074,731)
NET CHANGE IN FUND BALANCE	(2,971,108)	1,672,918	12,796,164	(1,480,298)	(2,317,886)	3,050	7,702,840
FUND BALANCE - BEGINNING	21,857,617	20,597,640	273,292	11,168,704	3,460,178	(6,611)	57,350,820
FUND BALANCE ADJUSTMENTS	2,984,161	-	-	-	-	-	2,984,161
FUND BALANCE - ENDING	$ 21,870,670	$ 22,270,558	$ 13,069,456	$ 9,688,406	$ 1,142,292	$ (3,561)	$ 68,037,821

See accompanying note to unaudited supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
PROPRIETARY FUNDS
BALANCE SHEETS
JUNE 30, 2020

	Enterprise Funds			Internal Service
	Cafeteria	Farm	Total	Fund
ASSETS				
Cash and equivalents	$ 212,499	$ 501,347	$ 713,846	$ 1,067,057
Accounts receivable, net	834	14,831	15,665	-
Inventory	15,742	67,849	83,591	-
Fixed assets	741,569	1,696,751	2,438,320	-
Due from other funds	-	2,750	2,750	-
Total Assets	$ 970,644	$ 2,283,528	$ 3,254,172	$ 1,067,057
LIABILITIES				
Accounts payable	$ 22,310	$ 84,639	$ 106,949	$ -
Accumulated depreciation	474,545	677,972	1,152,517	-
Compensated absences	-	-	-	1,065,987
Due to other funds	351,741	628,046	979,787	-
Total Liabilities	848,596	1,390,657	2,239,253	1,065,987
FUND EQUITY				
Retained earnings	122,048	892,871	1,014,919	1,070
Total Liabilities and Fund Equity	$ 970,644	$ 2,283,528	$ 3,254,172	$ 1,067,057

See accompanying note to unaudited supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Internal Service
	Cafeteria	Farm	Total	Fund
OPERATING REVENUES				
Sales revenues	$ 816,753	$ 831,280	$ 1,648,033	$ 26,109
OPERATING EXPENSES				
Salaries	309,407	109,064	418,471	28,383
Employee benefits	98,942	35,289	134,231	-
Supplies and materials	6,412	49,022	55,434	-
Other operating expenses	524,438	817,702	1,342,140	-
Total Expenditures	939,199	1,011,077	1,950,276	28,383
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(122,446)	(179,797)	(302,243)	(2,274)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	120,018	-	120,018	3,344
Other sources	-	10,915	10,915	-
Total Other Financing Sources (Uses)	120,018	10,915	130,933	3,344
NET CHANGE IN FUND BALANCE	(2,428)	(168,882)	(171,310)	1,070
RETAINED EARNINGS - BEGINNING	124,476	1,061,753	1,186,229	-
RETAINED EARNINGS - ENDING	$ 122,048	$ 892,871	$ 1,014,919	$ 1,070

See accompanying note to unaudited supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2020

	Agency Funds				
	Associated Students	Scholarship and Loan	Total Agency Funds	Trust Funds	Total Fiduciary Funds
ASSETS					
Cash and equivalents	$ 645,744	$ 79,949	$ 725,693	$ 1,396,814	$ 2,122,507
Accounts receivable, net	220	15,162	15,382	152,269	167,651
Total Assets	$ 645,974	$ 95,111	$ 741,085	$ 1,549,083	$ 2,290,168
LIABILITIES					
Accounts payable	$ 28,988	$ 120	$ 29,108	$ 7,218	$ 36,326
Deferred revenue	125,753	-	125,753	171,034	296,787
Total Liabilities	154,741	120	154,861	178,252	333,113
FUND EQUITY					
Restricted	491,233	94,991	586,224	1,370,831	1,957,055
Total Liabilities and Fund Equity	$ 645,974	$ 95,111	$ 741,085	$ 1,549,083	$ 2,290,168

See accompanying note to unaudited supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	Agency Funds				
	Associated Students	Scholarship and Loan	Total Agency Funds	Trust Funds	Total Fiduciary Funds
REVENUES					
Local revenues	$ 341,521	$ 603	$ 342,124	$ 456,072	$ 798,196
EXPENDITURES					
Salaries	111,867	-	111,867	14,918	126,785
Employee benefits	53,888	-	53,888	7,791	61,679
Supplies and materials	151,972	-	151,972	16,072	168,044
Other operating expenses	8,394	-	8,394	304,056	312,450
Debt Service - Principal	-	-	-	45,867	45,867
Total Expenditures	326,121	-	326,121	388,704	714,825
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,400	603	16,003	67,368	83,371
OTHER FINANCING SOURCES (USES)					
Operating transfer in	71,474	-	71,474	-	71,474
Operating transfer out	(71,474)	-	(71,474)	-	(71,474)
Other uses	-	-	-	(8,000)	(8,000)
Total Other Financing Sources (Uses)	-	-	-	(8,000)	(8,000)
NET CHANGE IN FUND BALANCE	15,400	603	16,003	59,368	75,371
FUND BALANCE - BEGINNING	475,833	94,388	570,221	1,311,463	1,881,684
FUND BALANCE - ENDING	$ 491,233	$ 94,991	$ 586,224	$ 1,370,831	$ 1,957,055

See accompanying note to unaudited supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.