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# COLLEGE OF THE SEQUOIAS
# COMMUNITY COLLEGE DISTRICT
# VISALIA, CALIFORNIA

## AUDIT REPORT
## FOR THE YEAR ENDED
## JUNE 30, 2022

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**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
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**JUNE 30, 2022**


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# FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

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

**Report on Audit of Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter Regarding Change in Accounting Principle***

During the year ended June 30, 2022, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. Our opinion was not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

***Other Matters***

*Required Supplementary Information*

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
November 16, 2022

COLLEGE OF THE SEQUOIAS

Phone (559)730-3700
Fax (559)730-3894

**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 2021-2022 despite the continuing COVID-19 pandemic. The District ended the fiscal year with a healthy fund balance.

- 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 2021-2022 fiscal year due to the pandemic, the State will use FY20 P1 for funding purposes, the District's FY20 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. Actual total FTES for 2021-2022 was 8,954.41. In the 2021-2022 fiscal year, the District's actual resident FTES were comprised of 8,767.73 credit and CDCP non-credit FTES and 186.68 non-credit FTES for a total of 8,954.41 FTES.

- The Hanford Educational Center generated 1,146.21 FTES, which was part of the District's 8,954.41 total FTES for 2021-2022.

- The Tulare College Center generated 2,837.18 FTES, which was part of the District's 8,954.41 total FTES for 2021-2022.

- The District ended the year with a General Fund balance of $27.98 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 33.50 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 29.8%.

- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative District employees. These costs amounted to 76.47 percent of the unrestricted general fund and 61.83 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 $46.65 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:**

| | 2022 | 2021 | Change |
|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Current assets | $ 137,366,629 | $ 121,105,896 | $ 16,260,733 |
| Noncurrent assets | 191,782,275 | 183,471,506 | 8,310,769 |
| Deferred outflows of resources | 21,695,168 | 27,622,736 | (5,927,568) |
| **Total Assets and Deferred Outflows of Resources** | 350,844,072 | 332,200,138 | 18,643,934 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | | |
| Current liabilities | 32,942,079 | 23,523,871 | 9,418,208 |
| Noncurrent liabilities | 169,180,186 | 209,034,630 | (39,854,444) |
| Deferred inflows of resources | 35,136,828 | 4,041,314 | 31,095,514 |
| **Total Liabilities and Deferred Inflows of Resources** | 237,259,093 | 236,599,815 | 659,278 |
| **NET POSITION** | | | |
| Invested in capital assets, net of related debt | 62,974,291 | 57,592,862 | 5,381,429 |
| Restricted | 77,441,706 | 74,477,805 | 2,963,901 |
| Unrestricted | (26,831,018) | (36,470,344) | 9,639,326 |
| **Total Net Position** | $ 113,584,979 | $ 95,600,323 | $ 17,984,656 |

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, 2022, the District reported Deferred Outflows from pension activities of $17.73 million, Deferred Inflows from pension activities of $29.38 million and a Net Pension Liability of $46.95 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 (asset) as measured by the actuary. Total ending balance was a net OPEB asset of $2.17 million as of June 30, 2022.

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, 2022 and 2021:**

| | 2022 | 2021 | Change |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Tuitition and fees | $ 4,030,687 | $ 4,272,561 | $ (241,874) |
| Auxiliary enterprises | 2,043,945 | 1,059,578 | 984,367 |
| **Total Operating Revenues** | 6,074,632 | 5,332,139 | 742,493 |
| **OPERATING EXPENSES** | | | |
| Salaries and benefits | 75,459,185 | 85,812,638 | (10,353,453) |
| Supplies, materials, and other operating expenses | 29,017,160 | 19,685,898 | 9,331,262 |
| Student financial aid | 50,319,537 | 32,836,035 | 17,483,502 |
| Depreciation | 7,213,401 | 6,881,833 | 331,568 |
| **Total Operating Expenses** | 162,009,283 | 145,216,404 | 16,792,879 |
| **Operating Loss** | (155,934,651) | (139,884,265) | (16,050,386) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| State apportionments | 56,439,966 | 53,506,538 | 2,933,428 |
| Property taxes | 24,488,044 | 24,894,105 | (406,061) |
| Federal grants and contracts | 62,009,154 | 36,332,550 | 25,676,604 |
| State grants and contracts | 21,308,231 | 19,507,898 | 1,800,333 |
| State taxes and other revenues | 5,242,263 | 10,491,754 | (5,249,491) |
| Investment income | 566,755 | 736,802 | (170,047) |
| Interest expense, net | (4,873,862) | (4,552,714) | (321,148) |
| Transfer from agency fund | 10,000 | 10,000 | - |
| Transfer to agency fund | (401,938) | (225,812) | (176,126) |
| Other non-operating revenues | 2,613,934 | 1,450,164 | 1,163,770 |
| **Total Non-Operating Revenues (Expenses)** | 167,402,547 | 142,151,285 | 25,251,262 |
| **OTHER REVENUES (EXPENSES)** | | | |
| State and local capital income | 5,997,664 | 919,145 | 5,078,519 |
| **Change in Net Position** | 17,465,560 | 3,186,165 | 14,279,395 |
| **NET POSITION, BEGINNING OF YEAR** | 95,600,323 | 91,486,255 | 4,114,068 |
| **PRIOR PERIOD ADJUSTMENT (SEE NOTE 19)** | 519,096 | 927,903 | (408,807) |
| **NET POSITION, END OF YEAR** | $ 113,584,979 | $ 95,600,323 | $ 17,984,656 |

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 $17.98 million, including the prior period adjustment.

**Operating Results for the Years Ended June 30, 2022 and 2021, 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 13 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 9.

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, 2022**

| | Salaries | Employee Benefits | Supplies Materials and Other Expenses and Services | Depreciation | Total |
|---|---|---|---|---|---|
| Instructional activities | $ 28,896,754 | $ 7,405,295 | $ 3,886,861 | $ - | $ 40,188,910 |
| Academic support | 4,980,513 | 2,197,456 | - | - | 7,177,969 |
| Student services | 10,053,333 | 3,808,810 | 1,474,057 | - | 15,336,200 |
| Plant operations and maintenance | 2,369,058 | 1,197,160 | 6,306,209 | - | 9,872,427 |
| Instructional support services | 8,687,876 | 3,512,084 | 14,128,416 | - | 26,328,376 |
| Community services and economic development | 374,397 | 87,085 | 245,319 | - | 706,801 |
| Ancillary services and auxiliary operations | 1,418,749 | 470,615 | 2,030,254 | - | 3,919,618 |
| Student aid | - | - | 50,319,537 | - | 50,319,537 |
| Physical property and related acquisitions | - | - | 946,044 | - | 946,044 |
| Depreciation and amortization expense | - | - | - | 7,213,401 | 7,213,401 |
| Total | $ 56,780,680 | $ 18,678,505 | $ 79,336,697 | $ 7,213,401 | $ 162,009,283 |

**June 30, 2021**

| | Salaries | Employee Benefits | Supplies Materials and Other Expenses and Services | Depreciation | Total |
|---|---|---|---|---|---|
| Instructional activities | $ 28,718,509 | $ 13,018,621 | $ 2,535,398 | $ - | $ 44,272,528 |
| Academic support | 4,742,986 | 3,449,983 | - | - | 8,192,969 |
| Student services | 9,345,296 | 6,626,853 | 610,900 | - | 16,583,049 |
| Plant operations and maintenance | 2,171,289 | 2,027,186 | 5,053,960 | - | 9,252,435 |
| Instructional support services | 8,049,890 | 5,678,884 | 8,728,891 | - | 22,457,665 |
| Community services and economic development | 255,376 | 149,428 | 111,396 | - | 516,200 |
| Ancillary services and auxiliary operations | 875,585 | 702,752 | 1,143,631 | - | 2,721,968 |
| Student aid | - | - | 32,836,035 | - | 32,836,035 |
| Physical property and related acquisitions | - | - | 1,501,722 | - | 1,501,722 |
| Depreciation expense | - | - | - | 6,881,833 | 6,881,833 |
| Total | $ 54,158,931 | $ 31,653,707 | $ 52,521,933 | $ 6,881,833 | $ 145,216,404 |

### Statement of Cash Flows for the Year Ended June 30, 2022 and 2021:

| Cash Provided by (Used in) | 2022 | 2021 | Change |
|---|---|---|---|
| Operating activities | $ (150,081,570) | $ (124,097,130) | $ (25,984,440) |
| Noncapital financing activities | 180,801,984 | 131,821,145 | 48,980,839 |
| Capital financing activities | (7,098,176) | 17,198,511 | (24,296,687) |
| Investing activities | 846,159 | 1,102,691 | (256,532) |
| Net Increase (Decrease) in Cash | $ 24,468,397 | $ 26,025,217 | $ (1,556,820) |

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 2021-2022 was a very strong financial year for College of the Sequoias. The District received 5.07% COLA. In addition, the District budgeted for additional PERS/STRS costs two years in advance: 2022/2023 costs of $972,832, AND 2023/2024 costs of $121,671.

College of the Sequoias settled negotiations with CSEA, COSTA, and COSAFA in a very timely manner, implementing a 5% increase for all groups and an increase to benefits cap to cover 50 percent of the Health & Welfare annual increase for fiscal year 2021/22.

### Impacts on District Budgets

Throughout 2022/2023, 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.

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

### California Community College Funding

The Budget Act preserves funding for most CCC programs at 2019-20 levels. In addition, the 2022/2023 budget provides $600M increase to Base allocation and a new $650 million block grant to help districts cover costs related to the COVID-19 pandemic.

## 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, 2022

| | |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash and investments | $ 71,183,914 |
| Restricted investments | 53,885,146 |
| Accounts receivable, net | 11,643,581 |
| Inventory | 113,300 |
| Prepaid expenses | 540,688 |
| Total Current Assets | 137,366,629 |
| Noncurrent Assets: | |
| Unamortized discounts | 23,537 |
| Lease receivable | 2,191,552 |
| Intangible right of use assets, net | 691,909 |
| Net OPEB asset | 2,170,869 |
| Capital assets, net | 186,704,408 |
| Total Noncurrent Assets | 191,782,275 |
| **TOTAL ASSETS** | 329,148,904 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to bond refundings | 2,977,270 |
| Deferred outflows related to OPEB | 986,846 |
| Deferred outflows related to pensions | 17,731,052 |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | 21,695,168 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 350,844,072 |
| | |
| **LIABILITIES** | |
| Current Liabilities: | |
| Accounts payable | $ 9,578,931 |
| Unearned revenue | 18,613,164 |
| Long-term debt, current portion | 4,749,984 |
| Total Current Liabilities | 32,942,079 |
| Noncurrent Liabilities: | |
| Compensated absences | 3,250,849 |
| Net pension liability | 46,949,204 |
| Long-term debt, non-current portion | 118,980,133 |
| Total Noncurrent Liabilities | 169,180,186 |
| **TOTAL LIABILITIES** | 202,122,265 |
| | |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred charge on refunding | 120,264 |
| Deferred inflows related to leases | 2,116,238 |
| Deferred inflows related to OPEB | 3,518,790 |
| Deferred inflows related to pensions | 29,381,536 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | 35,136,828 |
| | |
| **NET POSITION** | |
| Net investment in capital assets | 62,974,291 |
| Restricted for: | |
| Debt service | 23,195,950 |
| Capital projects | 53,359,453 |
| Other special purposes | 886,303 |
| Unrestricted | (26,831,018) |
| **TOTAL NET POSITION** | 113,584,979 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | $ 350,844,072 |

## COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT
## FOR THE YEAR ENDED JUNE 30, 2022

| | |
|---|---|
| **OPERATING REVENUES** | |
| Tuition and fees | $ 10,739,212 |
| Less: Scholarship discounts and allowances | (6,708,525) |
| Net tuition and fees | 4,030,687 |
| Auxiliary enterprise sales and charges | |
| Cafeteria | 768,608 |
| Farm | 1,275,337 |
| **TOTAL OPERATING REVENUES** | 6,074,632 |
| **OPERATING EXPENSES** | |
| Salaries | 56,780,680 |
| Employee benefits | 18,678,505 |
| Supplies, materials, and other operating expenses and services | 29,017,160 |
| Student aid | 50,319,537 |
| Depreciation | 7,213,401 |
| **TOTAL OPERATING EXPENSES** | 162,009,283 |
| **OPERATING LOSS** | (155,934,651) |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| State apportionments, noncapital | 56,439,966 |
| Local property taxes | 19,455,333 |
| Taxes levied for other specific purposes | 5,032,711 |
| State taxes and other revenues | 5,242,263 |
| Investment income, noncapital | 566,755 |
| Interest expense on capital asset-related debt | (4,873,862) |
| Grants and Contracts, noncapital: | |
| Federal | 62,009,154 |
| State | 21,308,231 |
| Transfer from agency funds | 10,000 |
| Other transfers | (401,938) |
| Local grants and other non-operating income | 2,613,934 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 167,402,547 |
| **INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES** | 11,467,896 |
| State revenues, capital | 5,714,374 |
| Gain (loss) on disposal of fixed assets | 3,886 |
| Local revenues, capital | 279,404 |
| **TOTAL OTHER REVENUES** | 5,997,664 |
| **CHANGE IN NET POSITION** | 17,465,560 |
| **NET POSITION, BEGINNING OF YEAR** | 95,600,323 |
| **PRIOR YEAR ADJUSTMENT (SEE NOTE 19)** | 519,096 |
| **NET POSITION, END OF YEAR** | $ 113,584,979 |

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

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Tuition and fees | $ 4,030,687 |
| Payments to students and vendors for financial aid, supplies and services | (75,983,196) |
| Payments to or on behalf of employees | (80,173,006) |
| Auxiliary enterprise sales and charges | 2,043,945 |
| Net Cash Provided (Used) by Operating Activities | (150,081,570) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | |
| State apportionments | 64,491,190 |
| Grants and contracts | 89,757,258 |
| Property taxes - non debt related | 19,455,333 |
| State taxes and other apportionments | 5,242,263 |
| Local grants and other non-operating revenues | 2,247,878 |
| Transfers in(out) | (391,938) |
| Net Cash Provided (Used) by Non-capital Financing Activities | 180,801,984 |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | |
| Purchase of capital assets | (11,040,385) |
| Proceeds from capital debt | 3,886 |
| State revenue, capital projects | 5,714,374 |
| Property taxes - related to capital debt | 5,032,711 |
| Principal paid on capital debt | (4,427,356) |
| Interest paid on capital debt | (2,381,406) |
| Net Cash Provided (Used) by Capital Financing Activities | (7,098,176) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest received from investments | 846,159 |
| Net Cash Provided (Used) by Investing Activities | 846,159 |
| **NET INCREASE IN CASH & CASH EQUIVALENTS** | 24,468,397 |
| **CASH & CASH EQUIVALENTS, BEGINNING OF YEAR** | 100,600,663 |
| **CASH & CASH EQUIVALENTS, END OF YEAR** | $ 125,069,060 |

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

| | |
|---|---|
| Operating loss | $ (155,934,651) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation expense | 6,943,341 |
| Changes in Assets and Liabilities: | |
| Accounts receivables, net | (908,090) |
| Inventory | 82,151 |
| Prepaid expenses | 616,905 |
| Accounts payable and accrued liabilities | 2,231,205 |
| Unearned revenue | 1,090,148 |
| Compensated absences | 120,729 |
| Lease liability | 27,643 |
| Deferred outflows of resources | 5,760,971 |
| Net pension liability | (37,765,804) |
| Net OPEB liability | (1,332,075) |
| Deferred inflows of resources | 28,985,957 |
| Total Adjustments | 5,853,081 |
| **Net Cash Used By Operating Activities** | $ (150,081,570) |

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**STATEMENT OF NET POSITION – FIDUCIARY FUNDS**
**JUNE 30, 2022**

| | Agency Funds | Trust Funds | OPEB Trust Fund |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,240,114 | $ 80,856 | $ - |
| Investments | - | - | 11,642,738 |
| Accounts receivable, net | 162,773 | 14,877 | - |
| **Total Assets** | 1,402,887 | 95,733 | 11,642,738 |
| **LIABILITIES** | | | |
| Accounts payable | 1,889 | 120 | - |
| Deferred revenue | 129,038 | - | - |
| **Total Liabilities** | 130,927 | 120 | - |
| **NET POSITION** | | | |
| Other restricted | 1,271,960 | 95,613 | - |
| Restricted for OPEB | - | - | 11,642,738 |
| **Total Net Position** | $ 1,271,960 | $ 95,613 | $ 11,642,738 |

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | Agency Funds | Trust Funds | OPEB Trust Fund |
|---|---|---|---|
| **OPERATING REVENUES:** | | | |
| Local revenue | $ 285,139 | $ 169 | $ - |
| Interest and investment income (expense) | - | - | (1,602,133) |
| **Total Operating Revenues** | 285,139 | 169 | (1,602,133) |
| **OPERATING EXPENSES:** | | | |
| Supplies and materials | 26,006 | - | - |
| Other operating expenses | 274,329 | - | 17,469 |
| **Total Operating Expenses** | 300,335 | - | 17,469 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Operating transfers out | (10,000) | - | - |
| **Total Other Financing Sources (Uses)** | (10,000) | - | - |
| **Net Change in Net Position** | (25,196) | 169 | (1,619,602) |
| **Net Position - Beginning of Year** | 1,297,156 | 95,444 | 13,262,340 |
| **Net Position - End of Year** | $ 1,271,960 | $ 95,613 | $ 11,642,738 |

**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2022**

| | |
|---|---|
| **ASSETS** | |
| **Current Assets:** | |
| Cash and cash equivalents | $ 2,066,176 |
| Investments | 14,300,650 |
| **TOTAL CURRENT ASSETS** | 16,366,826 |
| **TOTAL ASSETS** | $ 16,366,826 |
| | |
| **NET ASSETS** | |
| Net assets without donor restrictions | 11,707,851 |
| Net assets with donor restrictions | 4,658,975 |
| **TOTAL NET ASSETS** | $ 16,366,826 |

**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, 2022**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---|---|---|---|
| **SUPPORT AND REVENUES** | | | |
| Contributions: | | | |
| General contributions | $ 753,858 | $ 485,620 | $ 1,239,478 |
| Endowed scholarships | - | 155,439 | 155,439 |
| Outside scholarships | - | 159,630 | 159,630 |
| Inside scholarships | - | 270,500 | 270,500 |
| Revenues: | | | |
| Investment income (interest, dividends, and realized gains) | 366,050 | - | 366,050 |
| Fundraisers | 130,246 | - | 130,246 |
| Program fees | 135,425 | - | 135,425 |
| In-kind donations | 26,000 | - | 26,000 |
| Unrealized gain/(loss) on value of investments | 1,113,803 | - | 1,113,803 |
| Net assets released from restrictions | 287,686 | (287,686) | - |
| **TOTAL SUPPORT AND REVENUES** | $ 2,813,068 | $ 783,503 | $ 3,596,571 |
| **EXPENSES:** | | | |
| Scholarships: | | | |
| Endowed scholarships | $ 127,206 | $ - | $ 127,206 |
| Outside scholarships | 160,480 | - | 160,480 |
| Inside scholarships | 363,033 | - | 363,033 |
| College enhancement | 715,588 | - | 715,588 |
| General administrative | 449,532 | - | 449,532 |
| **TOTAL EXPENSES** | 1,815,839 | - | 1,815,839 |
| **CHANGE IN NET ASSETS** | 997,229 | 783,503 | 1,780,732 |
| **NET ASSETS, BEGINNING OF YEAR** | 10,710,622 | 3,875,472 | 14,586,094 |
| **NET ASSETS, END OF YEAR** | $ 11,707,851 | $ 4,658,975 | $ 16,366,826 |

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

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in net assets | $ 1,780,732 |
| **Net cash used by operating activities:** | 1,780,732 |
| | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Net change in investments | (665,640) |
| **Net cash provided by investing activities:** | (665,640) |
| | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 1,115,092 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 951,084 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 2,066,176 |

## 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, 2022, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**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 $2,357,679 for the fiscal year ending June 30, 2022. 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.

### Lease Receivable

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

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

### Intangible Right of Use Assets

The District has recorded intangible right of use assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### 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.

### 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the pension contributions made after the measurement date of the Net Pension Obligation.

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 deferred charges on bond refunding, leases, OPEB and Pensions.

**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.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned 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.

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 $77,441,706 of restricted net position.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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. 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 implemented GASB Statement No. 87 as of June 30, 2022.

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

**Investment in County Treasury -** The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the 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.

**NOTE 3 - DEPOSITS AND INVESTMENTS, continued**

**Investment in the State Investment Pool -** The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by *California Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial 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.

**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 |

**NOTE 3 - DEPOSITS AND INVESTMENTS, continued**

**Summary of Deposits and Investments**

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

| | | |
|---|---|---|
| Primary government | $ | 125,069,060 |
| Fiduciary funds | | 12,963,708 |
| Total Deposits and Investments | $ | 138,032,768 |

| | | |
|---|---|---|
| Cash on hand and in banks | $ | 3,691,405 |
| Cash in revolving | | 50,000 |
| Cash with fiscal agent | | 26,334 |
| Investments | | 134,265,029 |
| Total Deposits and Investments | $ | 138,032,768 |

**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 | $ 122,420,824 | $ - | $ 122,420,824 | $ - | $ - |
| State Investment Pool | 201,467 | - | 201,467 | - | - |
| GASB 75 Trust-Balanced Portfolio | 11,642,738 | 11,642,738 | - | - | - |
| | $ 134,265,029 | $ 11,642,738 | $ 122,622,291 | $ - | $ - |

**NOTE 3 - DEPOSITS AND INVESTMENTS, continued**

**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 | $ 11,642,738 |

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, approximately $3,017,739 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 $11,642,738, the District has a custodial credit risk exposure of $11,642,738 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, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources and are as follows:

| | Primary Government | Fiduciary |
|---|---|---|
| Federal Government | | |
| Categorical aid | $ 1,563,549 | $ - |
| State Government | | |
| Categorical aid | 1,079,350 | - |
| Other state sources | 4,213,889 | - |
| Local Sources | 317,096 | 14,877 |
| Subtotal | 7,173,884 | 14,877 |
| Student loans and grants receivable, net | 4,469,697 | 162,773 |
| Total | $ 11,643,581 | $ 177,650 |

## NOTE 6 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2022, consist of vendor payments totaling $540,688.

## NOTE 7 – LEASE RECEIVABLE

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

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

Future deferred inflows on noncancellable leases at June 30, 2022 are as follows:

| Fiscal year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 285,031 | $ 72,673 | $ 357,704 |
| 2024 | 296,440 | 61,413 | 357,853 |
| 2025 | 246,912 | 50,759 | 297,671 |
| 2026 | 238,027 | 41,821 | 279,848 |
| 2027 | 169,592 | 34,259 | 203,851 |
| 2028-2032 | 552,055 | 94,084 | 646,139 |
| 2033-2037 | 403,495 | 32,306 | 435,801 |
| Total | $ 2,191,552 | $ 387,315 | $ 2,578,867 |

The District leases space on its campuses to cellular companies, in addition to, office space to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance. During the year ended June 30, 2022, the District recognized revenues related to these lease agreements totaling $356,070. During the year ended June 30, 2022, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

| Lease Type | Number of Contracts | Average Rate | Lease Terms | Average Annual Lease Payment |
|---|---|---|---|---|
| Cell Tower | 1 | 3.00% | 7/1/2021 - 6/30/2037 | $ 59,445 |
| Buildings | 4 | 4.00% | 6/15/19 - 10/31/2024 | $ 296,625 |

## NOTE 8 – INTANGIBLE RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2022, was as follows:

| | Balance July 01, 2021 | Additions | Deductions | Balance June 30, 2022 |
|---|---|---|---|---|
| Intangible Right of Use Assets: | | | | |
| Leased equipment | $ 1,454,769 | $ - | $ - | $ 1,454,769 |
| Total Intangible Right of Use Assets | 1,454,769 | - | - | 1,454,769 |
| Less Accumulated Amortization | | | | |
| Leased equipment | 492,800 | 270,060 | - | 762,860 |
| Total Accumulated Amortization | 492,800 | 270,060 | - | 762,860 |
| Intangible Right of Use Assets, net | $ 961,969 | $ (270,060) | $ - | $ 691,909 |

## NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, are as follows:

| | Balance July 1, 2021 | Additions | Deductions | Balance June 30, 2022 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 15,963,042 | $ - | $ - | $ 15,963,042 |
| Construction in progress | 2,862,032 | 9,568,942 | 774,786 | 11,656,188 |
| Total Capital Assets Not Being Depreciated | 18,825,074 | 9,568,942 | 774,786 | 27,619,230 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 17,847,612 | 774,786 | - | 18,622,398 |
| Buildings and improvements | 211,502,184 | - | 154,300 | 211,347,884 |
| Furniture and equipment | 14,022,230 | 1,477,031 | 351,421 | 15,147,840 |
| Total Capital Assets Being Depreciated | 243,372,026 | 2,251,817 | 505,721 | 245,118,122 |
| Total Capital Assets | 262,197,100 | 11,820,759 | 1,280,507 | 272,737,352 |
| Less Accumulated Depreciation | | | | |
| Land improvements | 8,221,445 | 842,200 | - | 9,063,645 |
| Buildings and improvements | 60,857,169 | 5,170,375 | 154,300 | 65,873,244 |
| Furniture and equipment | 10,511,122 | 930,766 | 345,833 | 11,096,055 |
| Total Accumulated Depreciation | 79,589,736 | 6,943,341 | 500,133 | 86,032,944 |
| Net Capital Assets | $ 182,607,364 | $ 4,877,418 | $ 780,374 | $ 186,704,408 |

Depreciation expense for the year was $6,943,341.

## NOTE 10 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2022, consist of the following:

| | Primary Government | Fiduciary Fund | Total |
|---|---|---|---|
| Vendor invoices | $ 7,053,479 | $ 2,009 | $ 7,055,488 |
| Payroll and benefits | 308,867 | - | 308,867 |
| Deferred payroll | 1,139,996 | - | 1,139,996 |
| Interest | 1,042,761 | - | 1,042,761 |
| Food services | 33,828 | - | 33,828 |
| Total | $ 9,578,931 | $ 2,009 | $ 9,580,940 |

## NOTE 11 - UNEARNED REVENUE

Unearned revenue at June 30, 2022, consists of the following:

| | Primary Government | Fiduciary Funds | Total |
|---|---|---|---|
| Federal financial assistance | $ 68,589 | $ - | $ 68,589 |
| State categorical aid | 13,941,475 | - | 13,941,475 |
| Student fees | 3,829,961 | 129,038 | 3,958,999 |
| Other local | 773,139 | - | 773,139 |
| Total | $ 18,613,164 | $ 129,038 | $ 18,742,202 |

## NOTE 12 - 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 13 - LONG-TERM OBLIGATIONS

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

| | Restated Balance July 01, 2021 | Additions | Deductions | Balance June 30, 2022 | Due Within One Year |
|---|---|---|---|---|---|
| General Obligation Bonds | | | | | |
| 2006 Series A, General obligation bonds (Hanford) | | | | | |
| Capital appreciation | $ 555,000 | $ - | $ 555,000 | $ - | $ - |
| 2008 Series B, General obligation bonds (Hanford) | | | | | |
| Current interest | 1,600,000 | - | 495,000 | 1,105,000 | 535,000 |
| Capital appreciation | 5,959,293 | 441,390 | - | 6,400,683 | - |
| 2008 Series C, General obligation bonds (Hanford) | | | | | |
| Current interest - refunding | 11,835,000 | - | 25,000 | 11,810,000 | 500,000 |
| 2008 Series A, General obligation bonds (Tulare) | | | | | |
| Capital appreciation | 4,864,789 | 411,116 | 1,045,000 | 4,230,905 | 1,120,000 |
| 2008 Series B, General obligation bonds (Tulare) | | | | | |
| Current interest | 385,000 | - | 385,000 | - | - |
| Capital appreciation | 7,204,997 | 605,095 | - | 7,810,092 | - |
| 2008 Series C, General obligation bonds (Tulare) | | | | | |
| Current interest | 165,000 | - | 60,000 | 105,000 | 55,000 |
| Capital appreciation | 3,371,106 | 234,618 | - | 3,605,724 | - |
| 2008 Series D, General obligation bonds (Tulare) | | | | | |
| Current interest | 3,430,000 | - | 70,000 | 3,360,000 | 80,000 |
| 2008 Series E, General obligation bonds (Tulare) | | | | | |
| Current interest - refunding | 13,590,000 | - | 45,000 | 13,545,000 | 45,000 |
| Current interest | 22,885,000 | - | - | 22,885,000 | 670,000 |
| 2021 Series A, General obligation refunding bonds (Tulare) | | | | | |
| Current interest - refunding | 2,245,000 | - | - | 2,245,000 | 40,000 |
| 2021 Series B, General obligation refunding bonds (Tulare) | | | | | |
| Current interest - refunding | 8,575,000 | - | - | 8,575,000 | 195,000 |
| 2008 Series A, General obligation bonds (Visalia) | | | | | |
| Capital appreciation | 3,733,625 | 320,604 | 995,000 | 3,059,229 | 1,065,000 |
| 2008 Series B, General obligation bonds (Visalia) | | | | | |
| Capital appreciation | 1,216,628 | 143,764 | - | 1,360,392 | - |
| 2008 Series C, General obligation bonds (Visalia) | | | | | |
| Capital appreciation | 1,339,055 | 266,832 | 90,000 | 1,515,887 | 110,000 |
| 2008 Series D, General obligation bonds (Visalia) | | | | | |
| Current interest - refunding | 19,160,000 | - | 60,000 | 19,100,000 | 60,000 |
| 2020 General obligation refunding bonds (Visalia) | | | | | |
| Current interest - refunding | 4,170,000 | - | - | 4,170,000 | - |
| Unamortized premium | 8,730,009 | - | 602,356 | 8,127,653 | - |
| Total general obligation bonds | 125,014,502 | 2,423,419 | 4,427,356 | 123,010,565 | 4,475,000 |
| Other Long-Term Liabilities | | | | | |
| Lease liability | 986,419 | - | 266,867 | 719,552 | 274,984 |
| Compensated absences | 3,130,120 | 120,729 | - | 3,250,849 | - |
| Net OPEB liability (asset) | (838,794) | - | 1,332,075 | (2,170,869) | - |
| Net pension liability | 84,715,008 | - | 37,765,804 | 46,949,204 | - |
| Total Other Long-Term Liabilities | 87,992,753 | 120,729 | 39,364,746 | 48,748,736 | 274,984 |
| Total Long-Term Obligations | $ 213,007,255 | $ 2,544,148 | $ 43,792,102 | $ 171,759,301 | $ 4,749,984 |

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 13 - 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. During fiscal year 2020-21, the district made a one-time payment in the amount of $2,410,000 to pay the outstanding balance of the 2004 COPs.

**Bonded Debt**

The District's bonded debt is summarized as follows:

| Year Issued | Campus | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 01, 2021 | Accreted/ Issued | Redeemed | Bonds Outstanding June 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| General obligation bonds | | | | | | | | |
| 2006 | Hanford | 2/1/2033 | 3.58-4.25 | $ 14,999,982 | $ 555,000 | $ - | $ 555,000 | $ - |
| 2008 | Hanford | 2/1/2034 | 1.85-6.99 | 6,995,778 | 7,559,293 | 441,390 | 495,000 | 7,505,683 |
| 2017 | Hanford | 8/1/2032 | 2.00-5.00 | 12,175,000 | 11,835,000 | - | 25,000 | 11,810,000 |
| 2008 | Tulare | 8/1/2033 | 2.40-6.36 | 19,998,219 | 4,864,789 | 411,116 | 1,045,000 | 4,230,905 |
| 2011 | Tulare | 8/1/2040 | 3.28-7.62 | 10,004,927 | 7,589,997 | 605,095 | 385,000 | 7,810,092 |
| 2013 | Tulare | 8/1/2042 | 2.09-5.20 | 3,401,460 | 3,536,106 | 234,618 | 60,000 | 3,710,724 |
| 2016 | Tulare | 8/1/2040 | 3.00-5.00 | 3,710,000 | 3,430,000 | - | 70,000 | 3,360,000 |
| 2017 | Tulare | 8/1/2032 | 3.00-5.00 | 14,015,000 | 13,590,000 | - | 45,000 | 13,545,000 |
| 2021 | Tulare | 8/1/2051 | 3.00-4.00 | 22,885,000 | 22,885,000 | - | - | 22,885,000 |
| 2021 | Tulare | 8/1/2031 | 4.00 | 2,245,000 | 2,245,000 | - | - | 2,245,000 |
| 2021 | Tulare | 8/1/2042 | 0.31-2.30 | 8,575,000 | 8,575,000 | - | - | 8,575,000 |
| 2008 | Visalia | 8/1/2033 | 2.40-6.22 | 17,997,404 | 3,733,625 | 320,604 | 995,000 | 3,059,229 |
| 2010 | Visalia | 8/1/2039 | 5.10-6.61 | 4,999,652 | 1,216,628 | 143,764 | - | 1,360,392 |
| 2011 | Visalia | 8/1/2036 | 4.12-7.74 | 4,995,439 | 1,339,055 | 266,832 | 90,000 | 1,515,887 |
| 2017 | Visalia | 8/1/2036 | 3.00-5.00 | 19,695,000 | 19,160,000 | - | 60,000 | 19,100,000 |
| 2020 | Visalia | 8/1/1939 | 2.20-4.00 | 4,260,000 | 4,170,000 | - | - | 4,170,000 |
| | | | | | $ 116,284,493 | $ 2,423,419 | $ 3,825,000 | $ 114,882,912 |

**NOTE 13 - LONG-TERM OBLIGATIONS, continued**

2008 Hanford Series B, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Accreted Interest | Total |
|---|---|---|---|---|
| 2023 | $ 535,000 | $ 55,250 | $ - | $ 590,250 |
| 2024 | 570,000 | 28,500 | - | 598,500 |
| 2025 | 217,890 | - | - | 217,890 |
| 2026 | 206,488 | - | 397,105 | 603,593 |
| 2027 | 196,354 | - | 416,750 | 613,104 |
| 2028-2032 | 838,342 | - | 2,394,629 | 3,232,971 |
| 2033-2035 | 991,704 | - | 6,096,904 | 7,088,608 |
| Accretion | 3,949,905 | - | (3,949,905) | - |
| Total | $ 7,505,683 | $ 83,750 | $ 5,355,483 | $ 12,944,916 |

2008 Hanford Series C, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 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 | 790,000 | 434,000 | 1,224,000 |
| 2027 | 905,000 | 394,500 | 1,299,500 |
| 2028-2032 | 6,570,000 | 1,164,250 | 7,734,250 |
| 2033 | 1,775,000 | 53,250 | 1,828,250 |
| Total | $ 11,810,000 | $ 3,534,000 | $ 15,344,000 |

2008 Tulare Series A, General Obligation Bonds:

| Fiscal Year | Principal | Accreted Interest | Total |
|---|---|---|---|
| 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 | 3,163,731 | (3,163,731) | - |
| Total | $ 4,230,905 | $ 709,095 | $ 4,940,000 |

**NOTE 13 - LONG-TERM OBLIGATIONS, continued**

2008 Tulare Series B, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Accreted Interest | Total |
|---|---|---|---|---|
| 2023 | $ - | $ 398,750 | $ - | $ 398,750 |
| 2024 | - | 398,750 | - | 398,750 |
| 2025 | - | 398,750 | - | 398,750 |
| 2026 | - | 398,750 | - | 398,750 |
| 2027 | - | 398,750 | - | 398,750 |
| 2028-2032 | - | 1,993,750 | - | 1,993,750 |
| 2033-2037 | 1,612,326 | 1,993,750 | 10,267,674 | 3,606,076 |
| 2038-2042 | 1,585,635 | 1,492,775 | 11,151,804 | 3,078,410 |
| Accretion | 4,612,131 | - | (4,612,131) | 4,612,131 |
| Total | $ 7,810,092 | $ 7,474,025 | $ 16,807,347 | $ 15,284,117 |

2008 Tulare Series C, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Accreted Interest | Total |
|---|---|---|---|---|
| 2023 | $ 55,000 | $ 57,175 | $ - | $ 112,175 |
| 2024 | 50,000 | 54,700 | - | 104,700 |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028-2032 | - | - | - | - |
| 2033-2037 | 468,518 | 2,207,213 | 1,181,482 | 3,857,213 |
| 2038-2042 | 1,507,943 | 1,475,352 | 3,892,057 | 6,875,352 |
| Accretion | 1,629,263 | - | (1,629,263) | - |
| Total | $ 3,710,724 | $ 3,794,440 | $ 3,444,276 | $ 10,949,440 |

2008 Tulare Series D, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 80,000 | $ 116,900 | $ 196,900 |
| 2024 | 85,000 | 112,900 | 197,900 |
| 2025 | 95,000 | 108,650 | 203,650 |
| 2026 | 110,000 | 103,900 | 213,900 |
| 2027 | 115,000 | 98,400 | 213,400 |
| 2028-2032 | 800,000 | 401,800 | 1,201,800 |
| 2033-2037 | 960,000 | 261,300 | 1,221,300 |
| 2038-2041 | 1,115,000 | 89,338 | 1,204,338 |
| Total | $ 3,360,000 | $ 1,293,188 | $ 4,653,188 |

**NOTE 13 - LONG-TERM OBLIGATIONS, continued**

2008 Tulare Series E, General Obligation Refunding Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 45,000 | $ 565,600 | $ 610,600 |
| 2024 | 45,000 | 563,350 | 608,350 |
| 2025 | 45,000 | 561,100 | 606,100 |
| 2026 | 45,000 | 558,850 | 603,850 |
| 2027 | 1,490,000 | 556,600 | 2,046,600 |
| 2028-2032 | 9,655,000 | 1,555,800 | 11,210,800 |
| 2033 | 2,220,000 | 66,600 | 2,286,600 |
| Total | $ 13,545,000 | $ 4,427,900 | $ 17,972,900 |

2008 Tulane Series E, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 670,000 | $ 775,350 | $ 1,445,350 |
| 2024 | 600,000 | 755,250 | 1,355,250 |
| 2025 | 400,000 | 737,250 | 1,137,250 |
| 2026 | - | 721,250 | 721,250 |
| 2027 | - | 721,250 | 721,250 |
| 2028-2032 | 580,000 | 3,568,250 | 4,148,250 |
| 2033-2037 | 415,000 | 3,431,050 | 3,846,050 |
| 2038-2042 | - | 3,407,250 | 3,407,250 |
| 2043-2047 | 7,485,000 | 2,984,050 | 10,469,050 |
| 2048-2052 | 12,735,000 | 1,193,400 | 13,928,400 |
| Total | $ 22,885,000 | $ 18,294,350 | $ 41,179,350 |

2021 Tulare Series A, General Obligation Refunding Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 40,000 | $ 89,800 | $ 129,800 |
| 2024 | 80,000 | 88,200 | 168,200 |
| 2025 | 110,000 | 85,000 | 195,000 |
| 2026 | 150,000 | 80,600 | 230,600 |
| 2027 | 185,000 | 74,600 | 259,600 |
| 2028-2032 | 1,680,000 | 223,000 | 1,903,000 |
| Total | $ 2,245,000 | $ 641,200 | $ 2,886,200 |

**NOTE 13 - LONG-TERM OBLIGATIONS, continued**

2021 Tulare Series B, General Obligation Refunding Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 195,000 | $ 222,420 | $ 417,420 |
| 2024 | 195,000 | 221,816 | 416,816 |
| 2025 | 240,000 | 220,977 | 460,977 |
| 2026 | 235,000 | 219,523 | 454,523 |
| 2027 | 235,000 | 216,985 | 451,985 |
| 2028-2032 | 1,115,000 | 1,028,140 | 2,143,140 |
| 2033-2037 | 770,000 | 906,770 | 1,676,770 |
| 2038-2042 | 4,815,000 | 796,518 | 5,611,518 |
| 2043 | 775,000 | 23,715 | 798,715 |
| Total | $ 8,575,000 | $ 3,856,863 | $ 12,431,863 |

2008 Visalia Series A, General Obligation Bonds:

| Fiscal Year | Principal | Accreted Interest | Total |
|---|---|---|---|
| 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 | 2,370,534 | (2,370,534) | - |
| Total | $ 3,059,229 | $ 360,771 | $ 3,420,000 |

2008 Visalia Series B, General Obligation Bonds:

| Fiscal Year | Principal | Interest | Accreted Interest | Total |
|---|---|---|---|---|
| 2023 | $ - | $ - | $ - | $ - |
| 2024 | - | - | - | - |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028-2032 | - | - | - | - |
| 2033-2037 | 349,652 | - | 5,470,348 | 5,820,000 |
| Accretion | 1,010,740 | - | (1,010,740) | - |
| Total | $ 1,360,392 | $ - | $ 4,459,608 | $ 5,820,000 |

**NOTE 13 - LONG-TERM OBLIGATIONS, continued**

2008 Visalia Series C, Capital Appreciation General Obligation Bonds:

| Fiscal Year | Principal | Accreted Interest | Total |
|---|---|---|---|
| 2023 | $ 29,229 | $ 80,771 | $ 110,000 |
| 2024 | 29,561 | 95,439 | 125,000 |
| 2025 | 30,518 | 114,482 | 145,000 |
| 2026 | 52,450 | 227,550 | 280,000 |
| 2027 | 50,847 | 254,153 | 305,000 |
| 2028-2031 | 186,269 | 1,313,731 | 1,500,000 |
| Accretion | 1,137,013 | (1,137,013) | - |
| Total | $ 1,515,887 | $ 949,113 | $ 2,465,000 |

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

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 60,000 | $ 741,418 | $ 801,418 |
| 2024 | 60,000 | 738,418 | 798,418 |
| 2025 | 65,000 | 735,418 | 800,418 |
| 2026 | 1,090,000 | 732,169 | 1,822,169 |
| 2027 | 1,215,000 | 677,669 | 1,892,669 |
| 2028-2032 | 8,470,000 | 2,347,944 | 10,817,944 |
| 2033-2037 | 8,140,000 | 745,120 | 8,885,120 |
| Total | $ 19,100,000 | $ 6,718,156 | $ 25,818,156 |

2020 Visalia, Current Interest General Obligation Refunding Bonds:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ - | $ 166,800 | $ 166,800 |
| 2024 | - | 166,800 | 166,800 |
| 2025 | - | 166,800 | 166,800 |
| 2026 | - | 166,800 | 166,800 |
| 2027 | - | 166,800 | 166,800 |
| 2028-2032 | - | 834,000 | 834,000 |
| 2033-2037 | - | 834,000 | 834,000 |
| 2038-2040 | 4,170,000 | 422,800 | 4,592,800 |
| Total | $ 4,170,000 | $ 2,924,800 | $ 7,094,800 |

## NOTE 13 - 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 | $ 201,848 |
| 2008 Series C | Hanford | 1,454,007 |
| 2008 Series A | Tulare | 112,242 |
| 2008 Series B | Tulare | 461,074 |
| 2008 Series D | Tulare | 188,371 |
| 2008 Series E | Tulare | 3,619,501 |
| 2021 Refunding | Tulare | 457,408 |
| 2008 Series A | Visalia | 93,943 |
| 2008 Series B | Visalia | 76,553 |
| 2008 Series C | Visalia | 18,873 |
| 2008 Series D | Visalia | 1,438,281 |
| 2020 Refunding | Visalia | 607,908 |
| Total unamortized premium | | $ 8,730,009 |

### Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation and banked leave for the District at June 30, 2022, amounted to $3,250,849.

### Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

| Lease Type | Number of Contracts | Average Rate | Lease Terms | Average Annual Lease Payment |
|---|---|---|---|---|
| Equipment | 2 | 3.00% | 7/6/2018 - 6/21/2025 | $ 292,080 |

Future minimum lease payments on noncancellable leases at June 30, 2022 are as follows:

| Fiscal year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | 274,984 | 17,096 | $ 292,080 |
| 2024 | 283,348 | 8,732 | 292,080 |
| 2025 | 161,220 | 2,020 | 163,240 |
| Total | $ 719,552 | $ 27,848 | $ 747,400 |

## NOTE 14 - 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, 2022, the District reported net OPEB liability (asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

| OPEB Plan | Net OPEB Liability (asset) | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---|---|---|---|---|
| District Plan | $ (2,170,869) | $ 986,846 | $ 3,518,790 | $ (313,444) |

### 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 14 - 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, 2022, the most current actuarial study measurement date:

| | Number of Participants |
|---|---|
| Inactive Employees/Dependents Receiving Benefits | 60 |
| Active Employees | 418 |
| Total number of participants | 478 |

**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 2021-2022, the District did not make any contributions to the irrevocable OPEB Trust. The District had a net OPEB asset of $2,170,869 as of June 30, 2022, 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 14 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

### Actuarial Assumptions

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

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

### Changes in the Net OPEB Liability (Asset)

| | Increase/(Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) - (b) |
| Balance July 1, 2021 | $ 10,193,318 | $ 11,032,112 | $ (838,794) |
| Changes for the year: | | | |
| Service cost | 646,270 | - | 646,270 |
| Interest on TOL | 613,889 | - | 613,889 |
| Employer contributions | - | 569,924 | (569,924) |
| Assumption changes | 203,487 | - | 203,487 |
| Expected investment income | - | 661,425 | (661,425) |
| Investment gains/losses | - | 1,581,108 | (1,581,108) |
| Administrative expense | - | (16,736) | 16,736 |
| Expected benefit payments | (569,924) | (569,924) | - |
| Net change | 893,722 | 2,225,797 | (1,332,075) |
| Balance June 30, 2022 | $ 11,087,040 | $ 13,257,909 | $ (2,170,869) |

## NOTE 14 - 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, 2022, the District recognized OPEB expense of ($313,444). At June 30, 2022, 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 | $ - | $ 1,190,191 |
| Differences between expected and actual experience | 643,582 | 1,624,003 |
| Change in assumptions | 343,264 | 704,596 |
| Total | $ 986,846 | $ 3,518,790 |

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 |
|---|---|
| 2023 | $ (396,087) |
| 2024 | (391,195) |
| 2025 | (384,118) |
| 2026 | (415,363) |
| 2027 | (99,143) |
| Thereafter | (846,038) |
| Total | $ (2,531,944) |

### Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability (asset) calculated using the discount rate of 5.75 percent. The schedule also shows what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (4.75 percent) and 1 percent higher (6.75):

| | Discount Rate 1% Lower (4.75%) | Current Discount Rate (5.75%) | Discount Rate 1% Higher (6.75%) |
|---|---|---|---|
| Net OPEB liability (asset) | $ (1,392,777) | $ (2,170,869) | $ (2,917,060) |

## NOTE 14 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

The following table presents the net OPEB liability (asset) calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability (asset) 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 (3.0%) | Trend Rate Current Rate (4.0%) | Trend Rate 1% Higher (5.0%) |
|---|---|---|---|
| Net OPEB liability (asset) | $ (3,319,848) | $ (2,170,869) | $ (795,698) |

## NOTE 15 - 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, 2022, 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, 2022, 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 16 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2022, the District reported the net pension liabilities, 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 | $ 21,485,271 | $ 10,967,452 | $ 19,519,484 | $ 1,957,033 |
| CalPERS | 25,463,933 | 6,763,600 | 9,862,052 | 3,666,812 |
| Total | $ 46,949,204 | $ 17,731,052 | $ 29,381,536 | $ 5,623,845 |

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, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

### Benefits Provided

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

**NOTE 16 - 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, 2022, are summarized as follows:

| | STRP Defined Benefit Plan | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 16.92% | 16.92% |
| Required state contribution rate | 10.828% | 10.828% |

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

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were $5,205,968.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the net pension liability | $ 21,485,271 |
| State's proportionate share of the net pension liability associated with the District | 10,810,780 |
| Total | $ 32,296,051 |

**NOTE 16 - EMPLOYEE RETIREMENT SYSTEMS, continued**

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0471 percent and 0.0482 percent, respectively, resulting in a net decrease in the proportionate share of 0.0011 percent.

For the year ended June 30, 2022, the District recognized pension expense of $1,957,033 In addition, the District recognized pension expense and revenue of ($1,884,308) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between projected and actual earnings on plan investments | $ - | $ 16,996,631 |
| Differences between expected and actual experience | 53,822 | 2,286,954 |
| Changes in assumptions | 3,043,224 | - |
| Net changes in proportionate share of net pension liability | 2,664,438 | 235,899 |
| District contributions subsequent to the measurement date | 5,205,968 | - |
| Total | $ 10,967,452 | $ 19,519,484 |

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 |
|---|---|
| 2023 | $ (2,220,371) |
| 2024 | (2,058,281) |
| 2025 | (3,995,450) |
| 2026 | (5,033,900) |
| 2027 | (222,773) |
| Thereafter | (227,225) |
| | $ (13,758,000) |

**NOTE 16 - 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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2020 |
| Measurement date | June 30, 2021 |
| Experience study | July 1, 2015, through June 30, 2018 |
| Actuarial cost method | Entry Age Normal |
| Discount rate | 7.10% |
| Investment rate of return | 7.10% |
| Consumer price inflation | 2.75% |
| Wage growth | 3.50% |

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

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 and adopted by the CalSTRS Board in January 2020 in conjunction with the most recent experience study. Best estimates of 20-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 herein.

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

*20-year geometric average

## NOTE 16 - 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 | $ 43,736,321 | $ 21,485,271 | $ 3,017,324 |

## NOTE 16 - 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, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

#### Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.000% | 7.000% |
| Required employer contribution rate | 22.91% | 22.91% |

**NOTE 16 - 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, 2022, are presented above and the total District contributions were $4,455,384.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $25,463,933. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.1252 percent and 0.1239 percent, respectively, resulting in a net increase in the proportionate share of 0.0013 percent.

For the year ended June 30, 2022, the District recognized pension expense of $3,666,812. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between projected and actual earnings on plan investments | $ - | $ 9,772,298 |
| Differences between expected and actual experience | 760,164 | 60,030 |
| Changes in assumptions | - | - |
| Net changes in proportionate share of net pension liability | 1,548,052 | 29,724 |
| District contributions subsequent to the measurement date | 4,455,384 | - |
| Total | $ 6,763,600 | $ 9,862,052 |

**NOTE 16 - 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 |
|---|---|
| 2023 | $ (1,351,513) |
| 2024 | (1,509,221) |
| 2025 | (1,975,236) |
| 2026 | (2,717,866) |
| | $ (7,553,836) |

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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 16 - 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 | $ 42,935,768 | $ 25,463,933 | $ 10,958,563 |

## NOTE 16 - 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, 2022, which amounted to $3,222,509. 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 2021-2022 was 2.3 percent of annual payroll. The contribution requirements of the plan members are established by State statute.

## NOTE 17 - 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 17 - 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, 2022, the District made payments of $1,147,127, $560,250, and $8,498,400, to the Tulare County Schools Insurance Group, Statewide Association of Community Colleges, and the Self-Insured Schools of California, respectively.

## NOTE 18 - 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, 2022.

### 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 19 – PRIOR PERIOD ADJUSTMENT

Beginning net position increased by $519,096 due to the implementation of GASB Statement No. 87, *Leases* for implementation of a change in accounting principal of $8,786 and District identified adjustments in the fund financial statements of $510,310.

## NOTE 20 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2022 through November 16, 2022, 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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Total OPEB liability | | | | | |
| Service cost | $ 646,270 | $ 817,204 | $ 795,332 | $ 564,631 | $ 549,519 |
| Interest | 613,889 | 731,696 | 691,061 | 619,786 | 596,811 |
| Experience gains/losses | - | (1,916,617) | - | 950,054 | - |
| Assumption changes | 203,487 | (831,552) | - | 229,271 | - |
| Benefit payments | (569,924) | (787,474) | (852,710) | (745,835) | (832,595) |
| Net change in total OPEB liability | 893,722 | (1,986,743) | 633,683 | 1,617,907 | 313,735 |
| Total OPEB liability, beginning of year | 10,193,318 | 12,180,061 | 11,546,378 | 9,928,471 | 9,614,736 |
| Total OPEB liability, end of year (a) | $ 11,087,040 | $ 10,193,318 | $ 12,180,061 | $ 11,546,378 | $ 9,928,471 |
| | | | | | |
| Plan fiduciary net position | | | | | |
| Employer contributions | $ 569,924 | $ 787,474 | $ 1,192,710 | $ 1,778,888 | $ 1,385,595 |
| Expected investment income | 661,425 | 633,803 | 587,196 | 538,869 | 634,458 |
| Investment gains/losses | 1,581,108 | (156,251) | 35,421 | 24,440 | - |
| Administrative expense | (16,736) | (17,642) | (14,039) | (487) | (500) |
| Expected benefit payments | (569,924) | (787,474) | (852,710) | (745,835) | (832,595) |
| Other | - | - | - | (9,445) | - |
| Change in plan fiduciary net position | 2,225,797 | 459,910 | 948,578 | 1,586,430 | 1,186,958 |
| Fiduciary trust net position, beginning of year | 11,032,112 | 10,572,202 | 9,623,624 | 8,037,194 | 6,850,236 |
| Fiduciary trust net position, end of year (b) | $ 13,257,909 | $ 11,032,112 | $ 10,572,202 | $ 9,623,624 | $ 8,037,194 |
| | | | | | |
| Net OPEB liability (asset), ending (a) - (b) | $ (2,170,869) | $ (838,794) | $ 1,607,859 | $ 1,922,754 | $ 1,891,277 |
| | | | | | |
| Covered payroll | $ 42,000,000 | $ 38,000,000 | $ 41,000,000 | $ 37,000,000 | $ 36,000,000 |
| | | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | 120% | 108% | 87% | 83% | 81% |
| | | | | | |
| Net OPEB liability (asset) as a percentage of covered payroll | -5% | -2% | 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, 2022**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 703,886 | $ 569,924 | $ 787,474 | $ 852,710 | $ 832,595 |
| Contributions in relations to the actuarially determined contribution | 703,886 | 569,924 | 592,700 | 1,778,888 | 1,385,595 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ (926,178) | $ (553,000) |
| Covered-employee payroll | $ 42,000,000 | $ 38,000,000 | $ 41,000,000 | $ 37,000,000 | $ 36,000,000 |
| Contribution as a percentage of covered-employee payroll | 1.68% | 1.50% | 1.45% | 4.81% | 3.85% |

*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, 2022**

| | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|---|---|---|
| CalSTRS | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) |
| District's proportion of the net pension liability | 0.047% | 0.048% | 0.046% | 0.043% |
| District's proportionate share of the net pension liability | $ 21,485,271 | $ 46,712,132 | $ 41,347,775 | $ 39,840,555 |
| State's proportionate share of the net pension liability associated with the District | 10,810,780 | 24,079,915 | 22,558,153 | 22,811,678 |
| Total | $ 32,296,051 | $ 70,792,047 | $ 63,905,928 | $ 62,652,233 |
| District's covered - employee payroll | $ 30,768,132 | $ 29,855,189 | $ 27,049,807 | $ 26,580,627 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 79.43% | 156.46% | 152.86% | 149.89% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.20% | 71.80% | 72.60% | 71.00% |

| | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|---|---|---|
| CalPERS | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) |
| District's proportion of the net pension liability | 0.125% | 0.124% | 0.118% | 0.114% |
| District's proportionate share of the net pension liability | $ 25,463,933 | $ 38,002,876 | $ 34,457,145 | $ 30,295,642 |
| District's covered - employee payroll | $ 19,447,333 | $ 18,238,647 | $ 17,841,504 | $ 16,376,055 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 142.72% | 208.36% | 193.13% | 185.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.97% | 70.00% | 70.05% | 70.85% |

*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, 2022**

| | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|---|---|---|
| CalSTRS | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| District's proportion of the net pension liability | 0.041% | 0.039% | 0.042% | 0.042% |
| District's proportionate share of the net pension liability | $ 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 | 22,414,450 | 18,110,532 | 14,915,493 | 14,657,327 |
| Total | $ 60,302,530 | $ 49,923,460 | $ 43,117,008 | $ 38,930,727 |
| District's covered - employee payroll | $ 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 | 154% | 155% | 147% | 128% |
| Plan fiduciary net position as a percentage of the total pension liability | 69% | 70% | 74% | 77% |

| | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|---|---|---|
| CalPERS | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| District's proportion of the net pension liability | 0.111% | 0.100% | 0.102% | 0.100% |
| District's proportionate share of the net pension liability | $ 26,460,479 | $ 19,815,017 | $ 15,021,316 | $ 11,321,616 |
| District's covered - employee payroll | $ 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 | 158% | 204% | 155% | 124% |
| Plan fiduciary net position as a percentage of the total pension liability | 72% | 74% | 79% | 84% |

*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, 2022**

| | Reporting Fiscal Year | | | |
|---|---|---|---|---|
| CalSTRS | 2022 | 2021 | 2020 | 2019 |
| Statutorily required contribution | $ 5,205,968 | $ 4,821,613 | $ 4,904,130 | $ 4,327,326 |
| District's contributions in relation to the statutorily required contribution | 5,205,968 | 4,821,613 | 4,904,130 | 4,327,326 |
| District's contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 30,768,132 | $ 29,855,189 | $ 27,049,807 | $ 26,580,627 |
| District's contributions as a percentage of covered-employee payroll | 16.92% | 16.15% | 18.13% | 16.28% |

| | Reporting Fiscal Year | | | |
|---|---|---|---|---|
| CalPERS | 2022 | 2021 | 2020 | 2019 |
| Statutorily required contribution | $ 4,455,384 | $ 3,775,400 | $ 3,518,523 | $ 2,957,843 |
| District's contributions in relation to the statutorily required contribution | 4,455,384 | 3,775,400 | 3,518,523 | 2,957,843 |
| District's contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 19,447,333 | $ 18,238,647 | $ 17,841,504 | $ 16,376,055 |
| District's contributions as a percentage of covered-employee payroll | 22.91% | 20.70% | 19.72% | 18.06% |

*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, 2022**

| | Reporting Fiscal Year | | | |
|---|---|---|---|---|
| CalSTRS | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | $ 3,554,249 | $ 2,858,226 | $ 2,200,906 | $ 1,705,993 |
| District's contributions in relation to the statutorily required contribution | 3,554,249 | 2,858,226 | 2,200,906 | 1,705,993 |
| District's contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 24,630,970 | $ 22,720,397 | $ 20,511,705 | $ 19,211,633 |
| District's contributions as a percentage of covered-employee payroll | 14.43% | 12.58% | 10.73% | 8.88% |

| | Reporting Fiscal Year | | | |
|---|---|---|---|---|
| CalPERS | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | $ 2,327,670 | $ 1,962,936 | $ 1,149,921 | $ 1,140,295 |
| District's contributions in relation to the statutorily required contribution | 2,327,670 | 1,962,936 | 1,149,921 | 1,140,295 |
| District's contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 16,757,883 | $ 14,134,044 | $ 9,706,431 | $ 9,687,325 |
| District's contributions as a percentage of covered-employee payroll | 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 –*** The discount rate as of the June 30, 2021 measurement date was 6.00%, while the discount rate as of the June 30, 2022 measurement date was 5.75%..

### 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, 2022

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. John Lehn | President | 2022 |
| Mr. Ken Nunes | Vice President | 2022 |
| Mr. Raymond Macareno | Clerk | 2024 |
| Ms. Lori Cardoza | Trustee | 2024 |
| Mr. Greg Sherman | Trustee | 2022 |
| Amna Ali | Student Trustee | 2022 |

## DISTRICT ADMINISTRATION

Mr. Brent Calvin, Ed. D.
*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*

## AUXILIARY ORGANIZATIONS IN GOOD STANDING

| AUXILIARY NAME | DIRECTOR'S NAME | ESTABLISHMENT AND MASTER AGREEMENT DATE |
|---|---|---|
| College of the Sequoias Foundation | Tim Foster, Foundation Director and Ron Ballesteros-Perez, Vice President of Administration | Organized as an auxiliary organization in 2018 and has a signed master agreement dated June 15, 2018. |

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| Program Name | Federal Assistance Listing Number | Total Program Expenditures |
|---|---|---|
| U.S. DEPARTMENT OF EDUCATION | | |
| Student Financial Assistance Cluster | | |
| Federal Work Study | 84.033 | $ 336,091 |
| Federal Work Study Administration | 84.033 | 12,302 |
| Supplemental Educational Opportunity Grants | 84.007 | 373,275 |
| Supplemental Educational Opportunity Grants Administration | 84.007 | 12,302 |
| Pell Grant | 84.063 | 17,795,996 |
| Pell Grant Administration | 84.063 | 16,512 |
| Total Student Financial Assistance Cluster | | 18,546,478 |
| TRIO Cluster | | |
| TRIO Upward Bound Math/Science | 84.047M | 173,945 |
| Total TRIO Cluster | | 173,945 |
| Title V Hispanic Serving Institute STEM/REALM | 84.031S | 396,489 |
| Vocational & Applied Technology Education Act (VATEA) | | |
| Title II, Part C Student Support | 84.048 | 529,438 |
| Wildlife and Fish | N/A | 278 |
| Higher Education Emergency Relief Fund | | |
| COVID-19 HEERF Institutional Portion | 84.425F | 21,900,699 |
| COVID-19 HEERF Student Portion | 84.425E | 19,759,287 |
| COVID-19 HEERF HSI | 84.425J | 33,728 |
| Total Higher Education Emergency Relief Fund | | 41,693,714 |
| *Passed Through the California Department of Rehabilitation:* | | |
| Workability III | 84.126A | 177,267 |
| Subtotal U.S. Department of Education | | 61,517,609 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| *Passed Through the California Department of Education:* | | |
| TANF 50% Federal-CalWORKs | 93.558 | 46,348 |
| Foster Care Education | 93.658 | 78,364 |
| Subtotal U.S. Department of Health and Human Services | | 124,712 |
| U.S. DEPARTMENT OF LABOR | | |
| Workforce Investment Act - Tulare | 17.258 | 40,227 |
| Workforce Investment Act - Kings | 17.258 | 1,159 |
| Subtotal U.S. Department of Labor | | 41,386 |
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Schools and Roads Programs: | | |
| Flood Control | 10.665 | 356 |
| Specialty Crop Block Grant | 10.170 | 104,924 |
| USDA FSMA Training Central Valley | 10.328 | 216,451 |
| Subtotal U.S. Department of Agriculture | | 321,731 |
| Total | | $ 62,005,438 |

[1] Not applicable
[2] Not available

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, 2022

| | Program Revenues | | | | | Total |
|---|---|---|---|---|---|---|
| Program | Cash Received | Prior Year Carryforward | Accounts Receivable | Deferred Revenue | Total Revenue | Program Expenditures |
| GENERAL FUND | | | | | | |
| 2% ENRL | $ 160,520 | $ - | $ - | $ - | $ 160,520 | $ 160,520 |
| Extended Opportunity Program and Services | 1,621,172 | 10,004 | - | 31,460 | 1,599,716 | 1,599,716 |
| CARE | 284,045 | - | - | - | 284,045 | 284,045 |
| NextUP | 623,863 | - | - | - | 623,863 | 623,863 |
| Disabled Students Programs and Services | 1,487,735 | 238,844 | - | 266,991 | 1,459,588 | 1,459,588 |
| TANF 50% State | 24,101 | - | 22,247 | - | 46,348 | 46,348 |
| Cal Works | 574,452 | 133,788 | - | 141,546 | 566,694 | 566,694 |
| Strong Workforce Regional | 362,604 | - | 31,161 | - | 393,765 | 393,765 |
| Strong Workforce Local #4 | - | 520,668 | - | 513 | 520,155 | 520,155 |
| Strong Workforce Local #5 | - | 1,440,512 | - | 200,495 | 1,240,017 | 1,240,017 |
| Strong Workforce Regional #5 | 18,112 | - | 478,846 | - | 496,958 | 496,958 |
| Strong Workforce Local #6 | 1,964,549 | - | - | 1,961,541 | 3,008 | 3,008 |
| Block Grant Instructional Materials | 775,040 | - | - | 631,514 | 143,526 | 143,526 |
| Staff Diversity | 258,333 | 66,047 | - | 273,740 | 50,640 | 50,640 |
| Matriculation SSSP | 3,273,170 | 543,910 | - | 328,660 | 3,488,420 | 3,488,420 |
| Independent Living | 14,935 | - | 5,627 | - | 20,562 | 20,562 |
| AB86 Adult Ed Block Grant | 218,239 | 73,565 | - | 78,201 | 213,603 | 213,603 |
| Part Time Faculty Office Hours | 34,048 | - | - | - | 34,048 | 34,048 |
| Part Time Faculty Parity | 223,872 | - | - | - | 223,872 | 223,872 |
| Basic Skills | 321,638 | 543,178 | - | 399,940 | 464,876 | 464,876 |
| Student Equity SEP | 1,504,538 | 238,832 | - | 219,537 | 1,523,833 | 1,523,833 |
| Mental Health Support | 243,543 | - | - | 243,366 | 177 | 177 |
| Foster Care Education | 144,252 | 2,195 | - | 20,521 | 125,926 | 125,926 |
| Cal Grant | 3,380,089 | - | 186,804 | - | 3,566,893 | 3,566,893 |
| Student Success Completion Grant | 2,756,224 | 17,253 | - | 540,414 | 2,233,063 | 2,233,063 |
| BFAP Administration Allowance | 481,840 | - | - | - | 481,840 | 481,840 |
| Scheduled Maintenance and Repair FY22 | 4,000,000 | - | - | 2,234,020 | 1,765,980 | 1,765,980 |
| Community college construction act | 3,922,766 | - | 25,628 | - | 3,948,394 | 3,948,394 |
| Staff Development - Classified | - | 34,566 | - | 30,771 | 3,795 | 3,795 |
| Dream Liaison | 103,985 | 47,133 | - | 2,156 | 148,962 | 148,962 |
| Student Retention | 829,411 | 167,733 | - | 942,837 | 54,307 | 54,307 |
| MESA | 5,251 | 2,208 | - | - | 7,459 | 7,459 |
| CalFresh | - | 36,180 | - | 13,191 | 22,989 | 22,989 |
| OSHPD nursing special Song Brown | 56,286 | - | 5,904 | - | 62,190 | 62,190 |
| OSHPD nursing capitation Song Brown | 40,000 | 13,362 | 10,000 | - | 63,362 | 63,362 |
| Emergency financial assistance | - | 1,076,046 | - | - | 1,076,046 | 1,076,046 |
| Nursing Program Support | 178,977 | - | - | - | 178,977 | 178,977 |
| Healthcare Sector Project | 150,000 | - | - | 14,800 | 135,200 | 135,200 |
| Lottery Prop 20 | 540,505 | 2,785,668 | 313,133 | 3,536,622 | 102,684 | 102,684 |
| Mandate cost | 317,454 | - | - | - | 317,454 | 317,454 |
| Library Svc Platform | 11,065 | - | - | 10,734 | 331 | 331 |
| Basic Needs Ctr | 290,420 | - | - | 238,197 | 52,223 | 52,223 |
| Basic Needs Ctr one time | 285,904 | - | - | 285,904 | - | - |
| Veterans Resource Center | 65,272 | 101,155 | - | 128,366 | 38,061 | 38,061 |
| Veterans Resource Center One-time | - | 29,968 | - | 29,968 | - | - |
| Guided Pathways | 136,939 | 786,505 | - | 677,305 | 246,139 | 246,139 |
| Financial Aid Technology | 49,348 | 175,435 | - | 139,578 | 85,205 | 85,205 |
| College Promise | 640,153 | 183,874 | - | 295,902 | 528,125 | 528,125 |
| Faculty Hiring | 1,501,433 | - | - | - | 1,501,433 | 1,501,433 |
| Valley CAN Air | - | 22,685 | - | 22,685 | - | - |
| COVID19 Response Block Grant | - | 150,646 | - | - | 150,646 | 150,646 |
| Subtotal | $ 33,876,083 | $ 9,441,960 | $ 1,079,350 | $ 13,941,475 | $ 30,455,918 | $ 30,455,918 |

See accompanying note to supplementary information.

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

| CATEGORIES | Reported Data | Audit Adjustment | Audited Data |
|---|---|---|---|
| **A. Summer Intersession (Summer 2021 only)** | | | |
| 1. Noncredit | 5.93 | - | 5.93 |
| 2. Credit | 566.21 | - | 566.21 |
| **B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)** | | | |
| 1. Noncredit | 4.79 | - | 4.79 |
| 2. Credit | 239.23 | - | 239.23 |
| **C. Primary Terms (Exclusive of Summer Intersession)** | | | |
| 1. Census Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 3,606.37 | - | 3,606.37 |
| (b) Daily Census Contact Hours | 64.37 | - | 64.37 |
| 2. Actual Hours of Attendance Procedure Courses | | | |
| (a) Noncredit | 175.96 | - | 175.96 |
| (b) Credit | 230.88 | - | 230.88 |
| 3. Independent Study/Work Experience | | | |
| (a) Weekly Census Contact Hours | 3,500.50 | - | 3,500.50 |
| (b) Daily Census Contact Hours | 560.17 | - | 560.17 |
| (c) Noncredit Independent Study/Distance Education Courses | - | - | - |
| **D. Total FTES** | 8,954.41 | - | 8,954.41 |
| | | | |
| **Supplemental Information (subset of above information)** | | | |
| **E. In-service Training Courses** | - | - | - |
| | | | |
| **F. Basic Skills Courses and Immigrant Education** | | | |
| 1. Credit | 157.95 | - | 157.95 |
| 2. Noncredit | 179.04 | - | 179.04 |
| Total Basic Skills FTES | 336.99 | - | 336.99 |

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

| | | Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100 | | | Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/ TOP Codes | Reported Data | Audit Adjustments | Revised Data | Reported Data | Audit Adjustments | Revised Data |
| Academic Salaries | | | | | | | |
| Instructional Salaries | | | | | | | |
| Contract or Regular | 1100 | $ 16,914,839 | $ - | $ 16,914,839 | $ 16,914,839 | $ - | $ 16,914,839 |
| Other | 1300 | 8,397,727 | - | 8,397,727 | 8,397,727 | - | 8,397,727 |
| Total Instructional Salaries | | 25,312,566 | - | 25,312,566 | 25,312,566 | - | 25,312,566 |
| Non-Instructional Salaries | | | | | | | |
| Contract or Regular | 1200 | - | - | - | 5,771,858 | - | 5,771,858 |
| Other | 1400 | - | - | - | 593,384 | - | 593,384 |
| Total Non-Instructional Salaries | | - | - | - | 6,365,242 | - | 6,365,242 |
| Total Academic Salaries | | 25,312,566 | - | 25,312,566 | 31,677,808 | - | 31,677,808 |
| Classified Salaries | | | | | | | |
| Non-Instructional Salaries | | | | | | | |
| Regular Status | 2100 | - | - | - | 12,434,246 | - | 12,434,246 |
| Other | 2300 | - | - | - | 385,388 | - | 385,388 |
| Total Non-Instructional Salaries | | - | - | - | 12,819,634 | - | 12,819,634 |
| Instructional Aides | | | | | | | |
| Regular Status | 2200 | 745,797 | - | 745,797 | 745,797 | - | 745,797 |
| Other | 2400 | 321,286 | - | 321,286 | 321,286 | - | 321,286 |
| Total Instructional Aides | | 1,067,083 | - | 1,067,083 | 1,067,083 | - | 1,067,083 |
| Total Classified Salaries | | 1,067,083 | - | 1,067,083 | 13,886,717 | - | 13,886,717 |
| Employee Benefits | 3000 | 8,367,700 | - | 8,367,700 | 17,346,512 | - | 17,346,512 |
| Supplies and Materials | 4000 | - | - | - | 933,102 | - | 933,102 |
| Other Operating Expenses | 5000 | 208,394 | - | 208,394 | 7,640,177 | - | 7,640,177 |
| Equipment Replacement | 6420 | - | - | - | - | - | - |
| Total Expenditures Prior to Exclusions | | 34,955,743 | - | 34,955,743 | 71,484,316 | - | 71,484,316 |
| Exclusions | | | | | | | |
| Activities to Exclude | | | | | | | |
| Inst. Staff-Retirees' Benefits and Incentives | 5900 | 508,241 | - | 508,241 | 508,241 | - | 508,241 |
| Std. Health Srvcs. Above Amount Collected | 6441 | - | - | - | - | - | - |
| Student Transportation | 6491 | - | - | - | 25,912 | - | 25,912 |
| Non-inst.Staff-Retirees' Benefits and Incentives | 6740 | - | - | - | 679,107 | - | 679,107 |
| Object to Exclude | | | | | | | |
| Rents and Leases | 5060 | - | - | - | 1,359,634 | - | 1,359,634 |
| Lottery Expenditures | | - | - | - | - | - | - |
| Academic Salaries | 1000 | - | - | - | - | - | - |
| Classified Salaries | 2000 | - | - | - | - | - | - |
| Employee Benefits | 3000 | - | - | - | - | - | - |
| Supplies and Materials | 4000 | | | | | | |
| Software | 4100 | - | - | - | - | - | - |
| Books, Magazines & Periodicals | 4200 | - | - | - | - | - | - |
| Instructional Supplies & Materials | 4300 | - | - | - | - | - | - |
| Non-inst. Supplies & Materials | 4400 | - | - | - | - | - | - |
| Total Supplies and Materials | | - | - | - | - | - | - |
| Other Operating Expenses and Services | 5000 | - | - | - | 1,843,068 | - | 1,843,068 |
| Capital Outlay | 6000 | | | | | | |
| Library Books | 6300 | - | - | - | - | - | - |
| Equipment | 6400 | | | | | | |
| Equipment - Additional | 6410 | - | - | - | - | - | - |
| Equipment - Replacement | 6420 | - | - | - | - | - | - |
| Total Equipment | | - | - | - | - | - | - |
| Total Capital Outlay | | - | - | - | - | - | - |
| Other Outgo | 7000 | - | - | - | - | - | - |
| Total Exclusions | | $ 508,241 | $ - | $ 508,241 | $ 4,415,962 | $ - | $ 4,415,962 |
| Total for ECS 84362, 50% Law | | $ 34,447,502 | $ - | $ 34,447,502 | $ 67,068,354 | $ - | $ 67,068,354 |
| Percent of CEE (Instructional Salary Cost/Total CEE) | | 51.36% | 0.00% | 51.36% | 100.00% | 0.00% | 100.00% |
| 50% of Current Expense of Education | | $ - | $ - | $ - | $ 33,534,177 | $ - | $ 33,534,177 |

See accompanying note to supplementary information.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | |
|---|---|
| EPA Revenue | 20,907,947 |

| Activity Classification | Activity Code | Salaries and Benefits (Obj 1000-3000) | Operating Expenses (Obj 4000-5000) | Capital Outlay (Obj 6000) | Total |
|---|---|---|---|---|---|
| Instructional Activities | 0100-5900 | 20,907,947 | - | - | 20,907,947 |
| Total | | 20,907,947 | - | - | 20,907,947 |

See accompanying note to supplementary information.

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

| | | |
|---|---|---|
| **Total Fund Equity - District Funds Included in the Reporting Entity** | | |
| General Fund | $ 27,976,076 | |
| Debt Service Fund | 23,195,950 | |
| Special Revenue Funds | 892,915 | |
| Capital Project Funds | 53,359,453 | |
| Enterprise Funds | 2,089,871 | |
| Internal Service Funds | 267 | |
| Student Financial Aid Fund | (6,612) | |
| Other Funds | 576,923 | $ 108,084,843 |
| Assets recorded within the statements of net position not included in the fund financial statements: | | |
| Capital assets | $ 270,290,825 | |
| Intangible right of use assets | 1,454,769 | |
| Accumulated depreciation and amortization | (85,467,674) | 186,277,920 |
| Lease receivable | | 2,191,552 |
| Net OPEB Asset | | 2,170,869 |
| Unmatured Interest | | (1,042,761) |
| Unamortized Bond Discount | | 23,537 |
| Deferred outflows recorded within the statement of net position not included in the District fund financial statements: | | |
| Deferred outflows related to bond refundings | | 2,977,270 |
| Deferred outflows related to OPEB | | 986,846 |
| Deferred outflows related to pensions | | 17,731,052 |
| Liabilities recorded within the statements of net position not recorded in the District fund financial statements: | | |
| General obligation bonds | $ 114,882,912 | |
| Premiums, net | 8,127,653 | |
| Lease liability | 719,552 | |
| Net pension liability | 46,949,204 | (170,679,321) |
| Deferred inflows recorded within the statement of net position not included in the District fund financial statements: | | |
| Deferred charge on refunding | | (120,264) |
| Deferred inflows related to leases | | (2,116,238) |
| Deferred inflows related to OPEB | | (3,518,790) |
| Deferred inflows related to pensions | | (29,381,536) |
| **Net Assets Reported Within the Statements of Net Position** | | $ 113,584,979 |

## 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 | | $ 62,009,154 |
| Price Loss Coverage Crops | N/A | (3,716) |
| Total Schedule of Expenditures of Federal Awards | | $ 62,005,438 |

### 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 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

CWDL

**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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

858.565.2700
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**Report on Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

CWDL, Certified Public Accountants

San Diego, California
November 16, 2022

**CWDL**

## 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

#### *Opinion on 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, 2022. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

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

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

#### *Responsibilities of Management for Compliance*

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
November 16, 2022

CWDL

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

**Report on State Compliance**

***Opinion 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 2021-22*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2022. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2022.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* 2021-22.

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

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

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
November 16, 2022

# 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, 2022**

## 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 | Higher Education Emergency Relief Funds |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 1,860,163 |
| 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 2021-22.**

## Section III – Federal Award Findings and Questioned Costs

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

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

**Section IV – State Award Findings and Questioned Costs**

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

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

**Section V – Prior Year Audit Findings Summary**

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

# UNAUDITED SUPPLEMENTARY INFORMATION

# COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
# GOVERNMENTAL FUNDS
# BALANCE SHEETS
# FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | Bond Interest and Redemption Fund | Other Special Revenue Fund | Capital Outlay Projects Fund | Farm Construction Fund | General Obligation Bond Fund | Associated Students Fund | Student Representation Trust Fund | Student Body Center Fee Fund | Student Financial Aid Fund | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | |
| Cash and equivalents | $ 44,679,299 | $ 23,195,950 | $ 901,643 | $ 30,689,196 | $ 650,440 | $ 21,248,523 | $ 644,216 | $ 82,592 | $ 83,234 | $ 373,046 | $ 122,548,139 |
| Accounts receivable, net | 7,248,401 | - | 59,194 | 4,028,908 | - | - | 187 | 144 | 19 | 186,804 | 11,523,657 |
| Inventory | 30,000 | - | - | - | - | - | - | - | - | - | 30,000 |
| Prepaid assets | 514,110 | - | - | - | - | - | - | - | - | 26,578 | 540,688 |
| Due from other funds | 32,716 | - | - | - | 505,659 | - | - | - | - | - | 538,375 |
| **Total Assets** | $ 52,504,526 | $ 23,195,950 | $ 960,837 | $ 34,718,104 | $ 1,156,099 | $ 21,248,523 | $ 644,403 | $ 82,736 | $ 83,253 | $ 586,428 | $ 135,180,859 |
| **LIABILITIES** | | | | | | | | | | | |
| Accounts payable | $ 6,718,439 | $ - | $ 67,922 | $ 1,529,253 | $ - | $ - | $ 21,846 | $ 24,045 | $ 675 | $ 52,626 | $ 8,414,806 |
| Deferred revenue | 15,651,827 | - | - | 2,234,020 | - | - | 115,988 | 26,594 | 44,321 | 540,414 | 18,613,164 |
| Compensated absences | 2,158,184 | - | - | - | - | - | - | - | - | - | 2,158,184 |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - |
| **Total Liabilities** | 24,528,450 | - | 67,922 | 3,763,273 | - | - | 137,834 | 50,639 | 44,996 | 593,040 | 29,186,154 |
| **FUND EQUITY** | | | | | | | | | | | |
| Restricted | - | 23,195,950 | 892,915 | 30,954,831 | 1,156,099 | 21,248,523 | 506,569 | 32,097 | 38,257 | (6,612) | 78,018,629 |
| Unassigned | 27,976,076 | - | - | - | - | - | - | - | - | - | 27,976,076 |
| **Total Fund Equity** | 27,976,076 | 23,195,950 | 892,915 | 30,954,831 | 1,156,099 | 21,248,523 | 506,569 | 32,097 | 38,257 | (6,612) | 105,994,705 |
| **Total Liabilities and Fund Equity** | $ 52,504,526 | $ 23,195,950 | $ 960,837 | $ 34,718,104 | $ 1,156,099 | $ 21,248,523 | $ 644,403 | $ 82,736 | $ 83,253 | $ 586,428 | $ 135,180,859 |

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, 2022

| | General Fund | Bond Interest and Redemption Fund | Other Special Revenue Fund | Capital Outlay Projects Fund | Farm Construction Fund | General Obligation Bond Fund | Associated Students Fund | Student Representation Trust Fund | Student Body Center Fee Fund | Student Financial Aid Fund | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | |
| Federal | $ 24,080,596 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 37,928,558 | $ 62,009,154 |
| State | 75,869,556 | - | - | 5,714,374 | - | - | - | - | - | 5,782,703 | 87,366,633 |
| Local | 24,616,347 | 4,921,112 | 1,133,417 | 601,506 | 5,592 | 218,474 | 271,239 | 47,793 | 93,158 | - | 31,908,638 |
| **Total Revenues** | 124,566,499 | 4,921,112 | 1,133,417 | 6,315,880 | 5,592 | 218,474 | 271,239 | 47,793 | 93,158 | 43,711,261 | 181,284,425 |
| **EXPENDITURES** | | | | | | | | | | | |
| Academic salaries | 35,282,415 | - | 163,199 | - | - | - | - | - | - | - | 35,445,614 |
| Classified salaries | 20,406,273 | - | 211,198 | - | - | - | 142,920 | - | 18,149 | - | 20,778,540 |
| Employee benefits | 21,367,700 | - | 101,131 | - | - | - | 68,157 | - | 8,513 | - | 21,545,501 |
| Supplies and materials | 6,372,795 | - | 71,701 | - | - | - | 127,719 | 34 | 2,699 | - | 6,574,948 |
| Other operating expenses | 16,342,956 | - | 175,789 | 3,058,465 | - | - | 961 | 48,804 | 65,000 | - | 19,691,975 |
| Capital outlay | 4,720,631 | - | - | 6,265,784 | - | 1,703,915 | 418 | - | 1,548 | - | 12,692,296 |
| Debt Service - Principal | - | 1,839,394 | - | - | - | - | - | - | - | - | 1,839,394 |
| Debt Service - Interest and other issuance costs | - | 4,969,368 | - | - | - | - | - | - | - | - | 4,969,368 |
| **Total Expenditures** | 104,492,770 | 6,808,762 | 723,018 | 9,324,249 | - | 1,703,915 | 340,175 | 48,838 | 95,909 | - | 123,537,636 |
| **EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES** | 20,073,729 | (1,887,650) | 410,399 | (3,008,369) | 5,592 | (1,485,441) | (68,936) | (1,045) | (2,751) | 43,711,261 | 57,746,789 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | | |
| Operating transfer in | 3,807,106 | - | - | 17,499,408 | - | - | 71,445 | - | - | 1,841,913 | 23,219,872 |
| Operating transfer out | (16,455,947) | - | (7,499,408) | - | - | - | (71,445) | - | - | - | (24,026,800) |
| Other sources | - | 27,818 | - | - | - | - | - | - | - | - | 27,818 |
| Other uses | (3,673,063) | - | - | - | - | - | - | - | - | (46,646,474) | (50,319,537) |
| **Total Other Financing Sources (Uses)** | (16,321,904) | 27,818 | (7,499,408) | 17,499,408 | - | - | - | - | - | (44,804,561) | (51,098,647) |
| **NET CHANGE IN FUND BALANCE** | 3,751,825 | (1,859,832) | (7,089,009) | 14,491,039 | 5,592 | (1,485,441) | (68,936) | (1,045) | (2,751) | (1,093,300) | 6,648,142 |
| **FUND BALANCE - BEGINNING** | 23,691,661 | 25,055,782 | 7,987,072 | 16,463,792 | 1,150,507 | 22,733,964 | 575,505 | 57,885 | 41,008 | 1,086,688 | 98,843,864 |
| **FUND BALANCE ADJUSTMENTS** | 532,590 | - | (5,148) | - | - | - | - | (24,743) | - | - | 502,699 |
| **FUND BALANCE - ENDING** | $ 27,976,076 | $ 23,195,950 | $ 892,915 | $ 30,954,831 | $ 1,156,099 | $ 21,248,523 | $ 506,569 | $ 32,097 | $ 38,257 | $ (6,612) | $ 105,994,705 |

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**PROPRIETARY FUNDS**
**BALANCE SHEETS**
**JUNE 30, 2022**

| | Enterprise Funds | | | Internal Service Fund |
|---|---|---|---|---|
| | Cafeteria | Farm | Total | |
| **ASSETS** | | | | |
| Cash and equivalents | $ 496,383 | $ 931,606 | $ 1,427,989 | $ 1,092,932 |
| Accounts receivable, net | 13,100 | 106,824 | 119,924 | - |
| Inventory | 13,167 | 70,133 | 83,300 | - |
| Fixed assets | 749,758 | 1,696,751 | 2,446,509 | - |
| Due from other funds | - | - | - | - |
| **Total Assets** | $ 1,272,408 | $ 2,805,314 | $ 4,077,722 | $ 1,092,932 |
| **LIABILITIES** | | | | |
| Accounts payable | $ 33,828 | $ 87,536 | $ 121,364 | $ - |
| Accumulated depreciation | 511,999 | 816,113 | 1,328,112 | - |
| Compensated absences | - | - | - | 1,092,665 |
| Due to other funds | 32,716 | 505,659 | 538,375 | - |
| **Total Liabilities** | 578,543 | 1,409,308 | 1,987,851 | 1,092,665 |
| **FUND EQUITY** | | | | |
| Retained earnings | 693,865 | 1,396,006 | 2,089,871 | 267 |
| **Total Liabilities and Fund Equity** | $ 1,272,408 | $ 2,805,314 | $ 4,077,722 | $ 1,092,932 |

## COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
## PROPRIETARY FUNDS
## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
## FOR THE YEAR ENDED JUNE 30, 2022

| | Enterprise Funds | | | Internal Service Fund |
|---|---|---|---|---|
| | Cafeteria | Farm | Total | |
| **OPERATING REVENUES** | | | | |
| Sales revenues | $ 768,608 | $ 1,265,863 | $ 2,034,471 | $ 9,764 |
| **OPERATING EXPENSES** | | | | |
| Salaries | 422,183 | 43,385 | 465,568 | 90,958 |
| Employee benefits | 144,491 | 1,263 | 145,754 | - |
| Supplies and materials | 11,801 | 239,779 | 251,580 | - |
| Other operating expenses | 594,798 | 603,517 | 1,198,315 | - |
| **Total Expenditures** | 1,173,273 | 887,944 | 2,061,217 | 90,958 |
| **EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES** | (404,665) | 377,919 | (26,746) | (81,194) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Operating transfer in | 329,813 | 3,716 | 333,529 | 81,461 |
| Other sources | - | 9,474 | 9,474 | - |
| **Total Other Financing Sources (Uses)** | 329,813 | 13,190 | 343,003 | 81,461 |
| **NET CHANGE IN FUND BALANCE** | (74,852) | 391,109 | 316,257 | 267 |
| **RETAINED EARNINGS - BEGINNING** | 761,106 | 1,004,897 | 1,766,003 | - |
| **RETAINED EARNINGS ADJUSTMENTS** | 7,611 | - | 7,611 | - |
| **RETAINED EARNINGS - ENDING** | $ 693,865 | $ 1,396,006 | $ 2,089,871 | $ 267 |

See accompanying note to unaudited supplementary information.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**
**FIDUCIARY FUNDS**
**BALANCE SHEETS**
**JUNE 30, 2022**

| | Scholarship and Loan Fund | Other Trust Fund | OPEB Trust Fund | Total Fiduciary Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and equivalents | $ 80,856 | $ 1,240,114 | $ - | $ 1,320,970 |
| Investments | - | - | 11,642,738 | 11,642,738 |
| Accounts receivable, net | 14,877 | 162,773 | - | 177,650 |
| **Total Assets** | $ 95,733 | $ 1,402,887 | $ 11,642,738 | $ 13,141,358 |
| **LIABILITIES** | | | | |
| Accounts payable | $ 120 | $ 1,889 | $ - | $ 2,009 |
| Deferred revenue | - | 129,038 | - | 129,038 |
| **Total Liabilities** | 120 | 130,927 | - | 131,047 |
| **FUND EQUITY** | | | | |
| Restricted | 95,613 | 1,271,960 | 11,642,738 | 13,010,311 |
| **Total Liabilities and Fund Equity** | $ 95,733 | $ 1,402,887 | $ 11,642,738 | $ 13,141,358 |

See accompanying note to unaudited supplementary information.

## COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
## FIDUCIARY FUNDS
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 2022

| | Scholarship and Loan Fund | Other Trust Fund | OPEB Trust Fund | Total Fiduciary Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Local revenues | $ 169 | $ 285,139 | $ - | $ 285,308 |
| Interest and investment income (expense) | - | - | (1,602,133) | (1,602,133) |
| **Total Operating Revenues** | 169 | 285,139 | (1,602,133) | (1,316,825) |
| **EXPENDITURES** | | | | |
| Supplies and materials | - | 26,006 | - | 26,006 |
| Other operating expenses | - | 274,329 | 17,469 | 291,798 |
| **Total Expenditures** | - | 300,335 | 17,469 | 317,804 |
| **EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES** | 169 | (15,196) | (1,619,602) | (1,634,629) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Other uses | - | (10,000) | - | (10,000) |
| **Total Other Financing Sources (Uses)** | - | (10,000) | - | (10,000) |
| **NET CHANGE IN FUND BALANCE** | 169 | (25,196) | (1,619,602) | (1,644,629) |
| **FUND BALANCE - BEGINNING** | 95,444 | 1,297,156 | 13,262,340 | 14,654,940 |
| **FUND BALANCE - ENDING** | $ 95,613 | $ 1,271,960 | $ 11,642,738 | $ 13,010,311 |

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.