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## LASSEN COMMUNITY COLLEGE DISTRICT

### **AUDIT REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**LASSEN COMMUNITY COLLEGE DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2023**

---

Independent Auditors' Report	1
Management's Discussion and Analysis	4

**FINANCIAL SECTION**

Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Statement of Net Position - Fiduciary Funds	14
Statement of Changes in Net Position - Fiduciary Funds	15
Lassen College Foundation:	
Statement of Financial Position	16
Statement of Activities and Changes in Net Assets	17
Statement of Functional Expenses	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of the Net Pension Liability	42
Schedule of Contributions - Pensions	44
Note to Required Supplementary Information	46

**SUPPLEMENTARY INFORMATION**

District Organizational Structure	47
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	48
Schedule of Expenditures of Federal Awards	49
Schedule of Revenues and Expenditures of State Awards	50
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	51
Reconciliation of the ECS 84362 (50 Percent Law) Calculation	52
Details of the Education Protection Account	53
Reconciliation of Governmental Funds to the Statement of Net Position	54
Note to the Supplementary Information	55

**LASSEN COMMUNITY COLLEGE DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2023**

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Independent Auditors' Report on Compliance For Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	59
Independent Auditors' Report on State Compliance	62

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Schedule of Audit Findings and Questioned Costs	65
Schedule of Prior Year Audit Findings	69



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Lassen Community College District  
Susanville, 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, fiduciary activities, and the aggregate remaining fund information of Lassen Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, fiduciary activities, and the aggregate remaining fund information of the District as of June 30, 2023, 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 Lassen 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.

#### ***Adoption of New Accounting Standard***

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

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

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

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

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

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

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

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

### ***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 December 30, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California  
December 30, 2023

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**INTRODUCTION**

The following discussion and analysis provide an overview of the financial position and activities of the Lassen Community College District (the District) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

As required by generally accepted accounting principles, certain comparative information between the current and the prior year is required to be presented in the MD&A. This 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 on the statement of net position is designed to be similar to the bottom-line results for the District. This statement combines and consolidates current financial resources (net short-term expendable resources) with capital assets and long-term obligations. The statement of revenues, expenses, and changes in net position focus on the costs of the District's operational activities, which are supported mainly by state revenues and local property taxes. 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.

Financial statements of the District's component unit, Lassen College Foundation, are included in this audit report but are not a focus of the following financial analysis.

**CURRENT STATUS OF THE DISTRICT**

The values that are important to the District Board of Trustees, administration, and staff are Educational Excellence, Student Focus, Honesty and Integrity, Student Success, Dignity and Respect.

During the 2022-23 fiscal year, the District continued the path of academic discipline and sound fiscal management.

The District, under the direction of the Superintendent/President Carie Camacho continued the same distinct course of fiscal stability, keeping an eye on the ever-changing economic conditions of the State of California and the challenges that small districts in the community college system face, the District has maintained strong fiscal leadership and has a solid footing as we move into the next few years of State Budget recovery.

The District Board of Trustees, administration, and staff are committed to support the fiscal and academic goals of the institution. These goals will continue to evolve over time to help guide the District to fiscal/academic stability, and sustainability. The District continues to work closely with the Community College Chancellor's Office.

**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**BUDGET INFORMATION**

The District's budget is prepared in accordance with California law and is based on generally accepted accounting principles, utilizing the most current information and projections for forecasting cash receipts and expenditures.

The budget process begins in the spring. The preliminary budget is approved by the Board of Trustees by June 30th and the final budget is approved in September. Revenues are projected based upon the Governor's budget forecast in January and updated in May. If the California State Budget is approved by June 30th or prior to the adoption of the final District budget, the actual revenue projections are included in the final District budget in September.

The largest categories of expenditures are employee salaries and benefits, so staffing projections are a key factor in the budget development process.

The budget is revised on a regular basis and as needed to keep the Board of Trustees informed and to keep abreast of the latest California fiscal status. Variations between the final budget and the actual financial results are a direct result of actions taken by the Board of Trustees, the State financial status, or other circumstances leading to the increase/decrease in revenues and expenditures.

**FINANCIAL HIGHLIGHTS**

The total assets of the District for the year ended June 30, 2023, are more than total liabilities by \$1,213,315, net position. Of this amount, \$(4,891,530) is considered unrestricted net position.

At the close of the 2022-23 fiscal year, the Unrestricted General Fund Balance was in excess of the State Chancellor's Office guideline of 5% of expenditures.

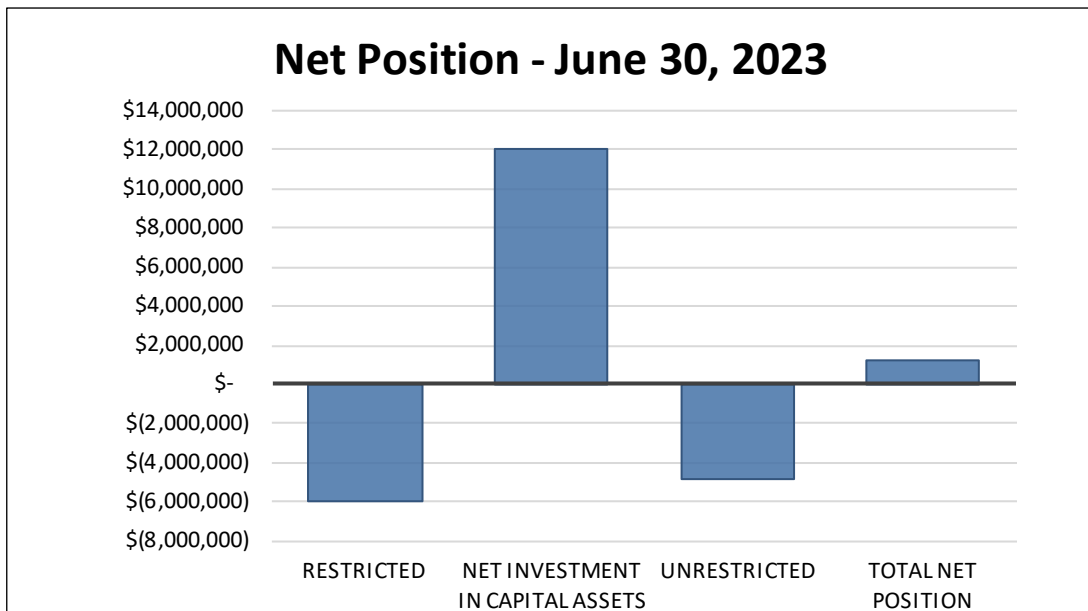
The majority of the District funding is based upon Full-Time Equivalent Students (FTES). The District's annual FTES totaled 1,047.34 reflecting a decrease of approximately 13.04 over the prior fiscal year.

**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**NET POSITION**

Condensed District-wide financial information is as follows:

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Total assets	\$ 30,505,351	\$ 19,705,086	\$ 10,800,265
Deferred outflows of resources	6,063,779	3,746,486	2,317,293
<b>Total Assets and Deferred Outflows of Resources</b>	<b>36,569,130</b>	<b>23,451,572</b>	<b>13,117,558</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	13,707,588	6,203,602	7,503,986
Non-current liabilities	19,564,715	11,427,524	8,137,191
Deferred inflows of resources	2,083,512	6,794,230	(4,710,718)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>35,355,815</b>	<b>24,425,356</b>	<b>10,930,459</b>
<b>NET POSITION</b>			
Net Investment of capital assets	12,067,740	7,053,096	5,014,644
Restricted	(5,962,895)	(1,559,978)	(4,402,917)
Unrestricted	(4,891,530)	(6,466,902)	1,575,372
<b>Total Net Position</b>	<b>\$ 1,213,315</b>	<b>\$ (973,784)</b>	<b>\$ 2,187,099</b>



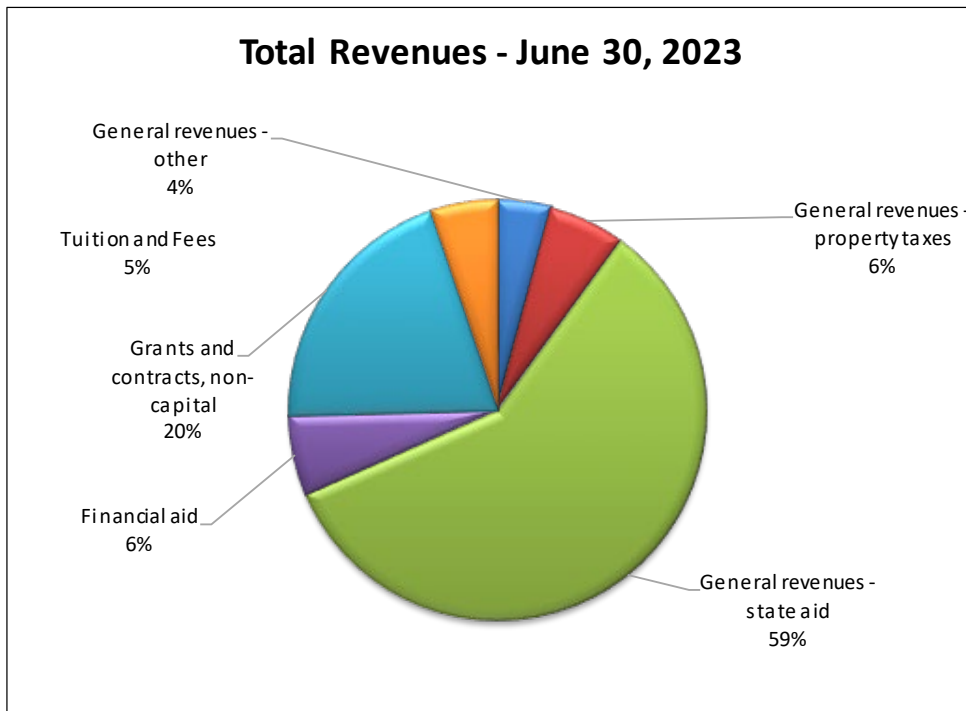
**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**OPERATING RESULTS**

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>REVENUES</b>			
Tuition and fees (net)	\$ 1,745,326	\$ 1,435,393	\$ 309,933
Grants and contracts, noncapital	6,820,501	6,762,155	58,346
Financial aid revenues	2,039,976	2,380,437	(340,461)
General revenues - property taxes	1,992,990	1,862,812	130,178
General revenues - state aid	19,708,587	16,963,136	2,745,451
General revenues - other	1,374,378	96,139	1,278,239
<b>Total Revenues</b>	<b>33,681,758</b>	<b>29,500,072</b>	<b>4,181,686</b>
<b>EXPENSES</b>			
Operating expenses	30,050,179	26,530,456	3,519,723
Interest	1,444,480	848,814	595,666
<b>Total Expenses</b>	<b>31,494,659</b>	<b>27,379,270</b>	<b>4,115,389</b>
<b>Change in Net Position</b>	<b>\$ 2,187,099</b>	<b>\$ 2,120,802</b>	<b>\$ 66,297</b>

This schedule has been prepared from the statement of revenues, expenses, and changes in net position presented on page 11.

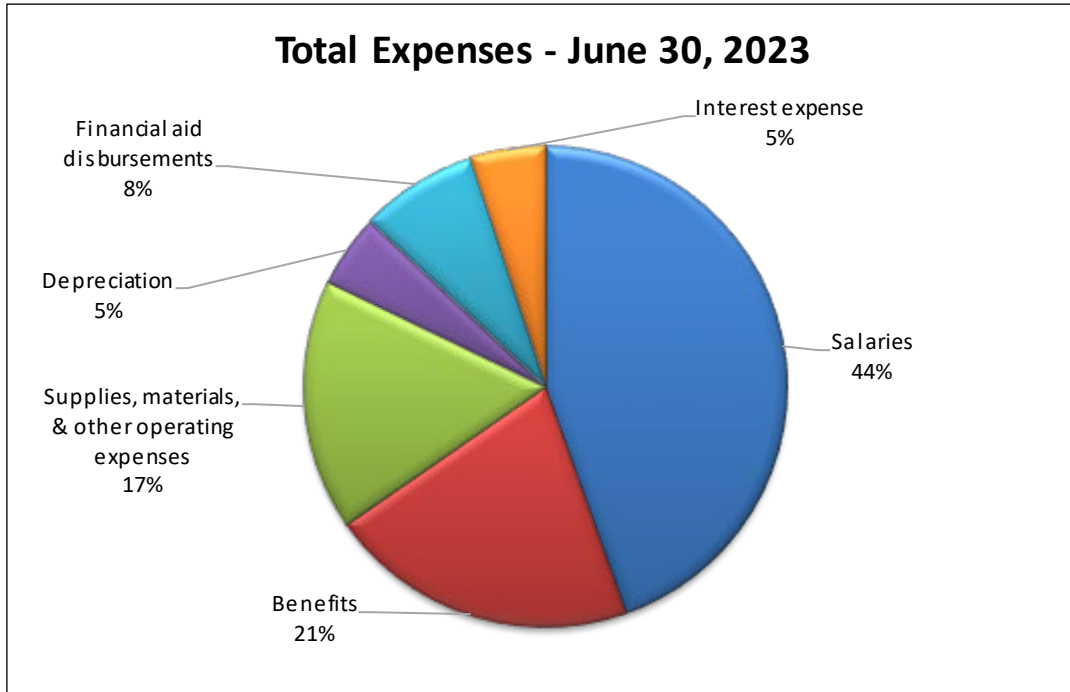
Grant and contract revenues relate to student financial aid, as well as specific federal and state grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.



**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**OPERATING RESULTS, continued**



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.

While state apportionment and property taxes are the primary source of noncapital related revenue, the adoption of recent changes to GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the District's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

**STATEMENT OF CASH FLOWS**

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 statement of cash flows presented on pages 12 and 13.

**LASSEN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**GENERAL FUND SELECTED FINANCIAL INFORMATION**

**General Fund Revenues**

The District's major sources of revenue include state apportionment, local property taxes, tuition, enrollment fees, and lottery revenue. State apportionment is based on the calculation of FTES. Of the revenue sources, state apportionment, property taxes, and enrollment fees are referred to as District general revenues or "base revenues" to which cost of living adjustments are added if approved by the California State Legislature in the annual State budget. Other circumstances that can affect base revenues are declining enrollment or growth restoration, maintenance and operations growth, program improvement, or a state-wide budget deficit factor.

The State Chancellor's Office notifies the District of base revenue changes twice each year or more often if major State budget problems become known. Apportionment adjustments are provided through the First Principal Apportionment Statement (P-1) in February and the Second Principal Apportionment (P-2) in June.

**General Fund Expenditures**

The District's expenditures of \$28,820,692 in the General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services for a budgeted total FTES of 1,047.

Instruction and instructional support include the costs for instructional activities, administration, and support. Student services includes the costs for admissions and records, counseling and guidance, and other student services. Plant operations includes the cost or maintenance and operations of the physical plant and utilities. All other categories of expenditures including general support and other outgo.

**CONTACTING THE DISTRICT'S ADMINISTRATION**

This financial report is designed to provide the community, staff, students, investors, creditors, and the Chancellor's office with an overview of the District's financial condition and to show the District's accountability for the funding received. If you have questions or require further information, please contact:

Executive VP of Administration & Student Services/CBO  
Lassen Community College District  
P.O. Box 3000  
Susanville, CA 96130-3000

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## **FINANCIAL SECTION**

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**LASSEN COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Primary Institution</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 19,483,478
Accounts receivable, net	3,148,213
Inventory	23,373
Due from other funds	154,903
Prepaid expenditures and other assets	28,968
Total Current Assets	<u>22,838,935</u>
Noncurrent Assets:	
Intangible right-to-use assets, net	1,372,601
Capital assets, net	6,293,815
Total Noncurrent Assets	<u>7,666,416</u>
<b>TOTAL ASSETS</b>	<u>30,505,351</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	6,063,779
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>6,063,779</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 36,569,130</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable & accrued expenses	\$ 4,161,302
Unearned revenue	9,546,286
Total Current Liabilities	<u>13,707,588</u>
Noncurrent Liabilities:	
Compensated absences	490,455
Net pension liability	17,685,660
Lease liability - software	1,388,600
Total Noncurrent Liabilities	<u>19,564,715</u>
<b>TOTAL LIABILITIES</b>	<u>33,272,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pensions	2,083,512
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,083,512</u>
<b>NET POSITION</b>	
Net investment in capital assets	12,067,740
Restricted for:	
Capital projects	(5,373,621)
Educational programs	(589,274)
Unrestricted	(4,891,530)
<b>TOTAL NET POSITION</b>	<u>1,213,315</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 36,569,130</u>

See accompanying notes to the basic financial statements

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Primary Institution</b>
<b>OPERATING REVENUES</b>	
Tuition and fees (gross)	\$ 5,300,672
Less: Scholarship discounts and allowances	<u>(3,555,346)</u>
Net tuition and fees	<u>1,745,326</u>
Grants and contracts, noncapital:	
Federal	1,019,761
State	5,797,692
Local	3,048
Other operating activity	<u>183,136</u>
<b>TOTAL OPERATING REVENUES</b>	<u>8,748,963</u>
<b>OPERATING EXPENSES</b>	
Salaries	14,026,806
Employee benefits	6,629,746
Supplies, materials, and other operating expenses and services	5,294,191
Student aid	2,622,954
Depreciation	<u>1,476,482</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>30,050,179</u>
<b>OPERATING (LOSS)</b>	<u>(21,301,216)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State apportionments, noncapital	19,363,520
Local property taxes	1,992,990
State taxes and other revenues	345,067
Financial aid revenues	2,039,976
Investment income - noncapital	(55,240)
Interest expense on capital asset-related debt	(1,444,480)
Other non-operating revenues	<u>1,246,482</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>23,488,315</u>
<b>INCREASE IN NET POSITION</b>	2,187,099
<b>NET POSITION -- BEGINNING OF YEAR</b>	<u>(973,784)</u>
<b>NET POSITION -- END OF YEAR</b>	<u>\$ 1,213,315</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b><u>Primary Institution</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$ 1,745,326
Grants and contracts	10,995,365
Payments to or on behalf of employees	(20,935,972)
Payments to vendors for supplies and services	(6,081,495)
Other operating cash flows	<u>(191,284)</u>
Net Cash Used by Operating Activities	<u>(14,468,060)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State apportionments	19,363,520
Property taxes	1,992,990
State taxes and other revenues	345,067
Financial aid revenues	2,039,976
Other non-operating cash flows	<u>1,246,482</u>
Net Cash Provided by Non-capital Financing Activities	<u>24,988,035</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(2,135,850)
Interest paid on capital debt	<u>(1,444,480)</u>
Net Cash Used by Capital Financing Activities	<u>(3,580,330)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>(55,240)</u>
Net Cash Used by Investing Activities	<u>(55,240)</u>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	6,884,405
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>12,599,073</u>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 19,483,478</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b><u>Primary Institution</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (21,301,216)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	1,476,482
Changes in Assets and Liabilities:	
Receivables, net	(1,736,059)
Inventory	52,038
Prepaid expenditures and other assets	(28,968)
Deferred outflows of resources	(2,472,196)
Accounts payable and accrued liabilities	3,329,122
Deferred revenue	4,174,864
Compensated absences	(37,531)
Net pension liability	6,786,122
Deferred inflows of resources	(4,710,718)
Total Adjustments	<u>6,833,156</u>
<b>Net Cash Flows From Operating Activities</b>	<b><u>\$ (14,468,060)</u></b>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2023**

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	Scholarship and Loan Trust Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 91,411
<b>Total Assets</b>	<u>91,411</u>
<b>LIABILITIES</b>	
Deferred revenue	<u>88,240</u>
<b>Total Liabilities</b>	<u>88,240</u>
<b>NET POSITION</b>	
Held in Trust for Student Groups	<u>3,171</u>
<b>Total Net Position</b>	<u>\$ 3,171</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	Scholarship and Loan Trust Fund
<b>OPERATING REVENUES:</b>	
Local revenue	\$ 2,069
<b>Total Operating Revenues</b>	<u>2,069</u>
<b>OPERATING EXPENSES:</b>	
Supplies, materials, and other outgo	-
<b>Total Operating Expenses</b>	<u>-</u>
<b>Net Change in Net Position</b>	2,069
<b>NET POSITION:</b>	
<b>Beginning of Year</b>	1,102
<b>End of Year</b>	<u>\$ 3,171</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FINANCIAL POSITION - FOUNDATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 434,276
Prepaid expenditures and other assets	268,065
<b>Total current assets</b>	<u>702,341</u>

Noncurrent assets:

Capital assets	311,318
Accumulated depreciation	<u>(278,781)</u>
<b>Total noncurrent assets</b>	<u>32,537</u>
<b>Total assets</b>	<u>\$ 734,878</u>

**LIABILITIES**

Liabilities:

Accounts payable and accrued liabilities	\$ 69,538
Payable to Lassen College	316,000
Lassen scholarships payable	<u>12,000</u>
<b>Total liabilities</b>	<u>397,538</u>

**NET ASSETS**

Net assets without donor restrictions	133,267
Net assets with donor restrictions	<u>204,073</u>
<b>Total net assets</b>	<u>337,340</u>
<b>Total liabilities and net assets</b>	<u>\$ 734,878</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - FOUNDATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 10,753	\$ 30,426	\$ 41,179
Sales revenue	305	-	305
Net investment return	-	1,523	1,523
Event income	9,935	-	9,935
Other revenue	1,177	-	1,177
Net assets released from restriction	16,601	(16,601)	-
<b>Total Support and Revenue</b>	<b>38,771</b>	<b>15,348</b>	<b>54,119</b>
<b>EXPENSES</b>			
Program	27,720	-	97,902
General and administrative	69,554	-	121,116
Fundraising	7,430	-	5,250
<b>Total Expenses</b>	<b>104,704</b>	<b>-</b>	<b>224,268</b>
<b>Change in Net Assets</b>	<b>(65,933)</b>	<b>15,348</b>	<b>(50,585)</b>
<b>Net Assets - Beginning of Year</b>	<b>199,200</b>	<b>188,725</b>	<b>387,925</b>
<b>Net Assets - End of Year</b>	<b>\$ 133,267</b>	<b>\$ 204,073</b>	<b>\$ 337,340</b>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FUNCTIONAL EXPENSES - FOUNDATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>General and</b>			
	<b>Program</b>	<b>Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Scholarships & grants	\$ 11,168	\$ -	\$ -	\$ 11,168
Accounting fees	-	22,386	-	22,386
Office expense	-	41	-	41
Insurance	-	1,424	-	1,424
Fundraising	16,179	-	7,430	23,609
Membership dues & fees	-	2,887	-	2,887
Depreciation	-	12,717	-	12,717
LCE liquidation	-	30,099	-	30,099
Other expense	373	-	-	373
<b>Total</b>	<b>\$ 27,720</b>	<b>\$ 69,554</b>	<b>\$ 7,430</b>	<b>\$ 104,704</b>

**LASSEN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS - FOUNDATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (50,585)
Reconciliation to net cash provided (used) by operating activities:	
Net gain in the fair value of investments	1,188
Depreciation and amortization	-
Effect on changes in:	
Accounts receivable	(35,941)
Accounts payable	297,488
Scholarships payable	12,000
Payable to Lassen	<u>(259,438)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(35,288)</u>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>469,564</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 434,276</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**Note 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

**Definition of the Reporting Entity** – Lassen Community College District (the District) is a political subdivision of the State of California and provides higher education. The District consists of one community college located in Susanville, California.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or dependent on the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The Lassen College Foundation (the Foundation) is a nonprofit public benefit corporation organized under the Nonprofit Public Corporation Law of the State of California. The Foundation was originally incorporated on September 22, 1977, with the express purpose of promoting and assisting the educational programs of the District in accordance with the mission, policies, and priorities of the District as administered by its President. The Foundation had been dormant for several years and new information was submitted to the Secretary of State in December 2002 to reinstate the Foundation.

The Foundation conducts its operations in conformity with general regulations established by the District as required by the *California Education Code*, Section 72672(c). The members of the Foundation's Board of Directors are composed of members from the local community and two members from the Lassen Community College Board. The Foundation currently funds its operations through management of a wholly-owned subsidiary, Lassen Cougar Enterprises, Inc., which operates the Eagle Lake Marina and campgrounds.

The District and the Foundation have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Foundation as the component unit that satisfies the GASB:

*Accountability:* The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

*Scope of Public Service:* The Foundation is a nonprofit public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to promote and assist the educational services of the District.

*Discrete Presentation:* For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Basis of Accounting** – For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The District’s financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual* issued by the Chancellor’s Office of the California Community Colleges.

**Cash and Cash Equivalents** – The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments purchased with an original maturity of three months or less.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Lassen County Treasury as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of 774 days. As of June 30, 2022, the fair value of the County pool is 95.29% of the carrying value and the adjustment was booked accordingly. Derivatives are prohibited within the County investment pool. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee as required by *California Government Code*, Section 27130.

The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of cash and cash equivalents. Realized gains and losses on cash and cash equivalents that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of cash and cash equivalents reported in the prior year. The change in fair value of cash and cash equivalents was insignificant during the year ended June 30, 2023, and there was no significant unrealized gain or loss on cash and cash equivalents held at June 30, 2023.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Accounts Receivable** – Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in California. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District’s grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based upon a year-end review of outstanding accounts receivable balances and historical collection information.

**Inventory** – Inventory, primarily bookstore merchandise, is carried at the lower of cost or market using the first-in, first-out (FIFO) method.

Foundation inventory consists of merchandise held for sale at the campgrounds and marina. Inventory is valued at the lower of cost or market.

**Prepaid Expenses** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Intangible Right -to-Use Assets** – Intangible right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability - software. The intangible right-to-use assets are amortized over the subscription term or the underlying life of the intangible asset, whichever is shorter.

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

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 25 to 50 years for buildings, 20 years for land improvements, and 5 to 15 years for equipment. Land is considered a nondepreciable capital asset; therefore, no depreciation is computed.

**Advances from Grantors** – Advances from grantors include amounts received from grant and contract sponsors that have not yet been earned.

**Advances from Students** – Advances from students include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period.

**Campground Advances** – Campground advances include amounts received for campgrounds activity prior to the end of the fiscal year that relate to the subsequent accounting period and have not yet been earned.

**Amounts Held in Trust for Others** – The District administers funds for certain college related organizations. The liability represents the amount of funds held for these organizations.

**Compensated Absences** – Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Lease Liabilities – software** – Lease liabilities – software are measured at the present value of subscription payments expected to be made during the subscription term.

**Net Position** – The District’s net position is classified as follows:

*Net investment in Capital Assets:* Represents the District’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred for capital assets but not yet expended, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position – Nonexpendable:* Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to principal depending on donor stipulations.

*Restricted Net Position – Expendable:* Includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted Net Position:* Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the policy of both the District and the Foundation to first apply the expense towards restricted resources and then towards unrestricted resources.

**Classification of Revenues** – The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating Revenues:* Include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) most federal, state, and local grants and contracts, and federal appropriations.

*Nonoperating Revenues:* Include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as: (1) state appropriations; (2) investment income; and (3) federal and state financial aid, scholarship, loan trust receipts, according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*; and GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

**Scholarship Discounts and Allowances** – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. The District offers Board of Governor’s Waivers (BOGW) to qualified students, and these tuition waivers are reported as scholarship discounts and allowances.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Risk Management** – The District’s property and liability coverage is insured through the Northern California Community College Self-Insurance Authority (NCCC SIA). The District retains the risk up to \$1,000 per occurrence. The NCCC SIA retains the risk up to \$25,000 on property and \$25,000 on liability. Insurance above these levels is ceded to another joint power authority, Statewide Association of Community Colleges (SWACC), and to a level of \$5 million on liability and \$250 million on property. Schools Excess Liability (SELF) provides insurance coverage from \$5 million to \$45 million.

The District is also a member of the NCCC SIA for workers’ compensation coverage. Within NCCC SIA, the workers’ compensation insurance program is insured with first dollar coverage through a joint powers authority, Protected Insurance Program of Schools (PIPS).

**Estimates Used in Financial Reporting** – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The District’s largest sources of revenues are property taxes, enrollment fees, federal and state revenues. Each of these revenue types is subject to some estimation at the date of the financial statements.

Certain current-year apportionments from the State are based on various financial and statistical information of the previous year, as well as State budgets and other factors outside the District’s control. In February, subsequent to the year end, the State will perform a recalculation based on actual financial and statistical information for the year just completed. Any corrections determined by the State are recorded in the year computed by the State.

**Budgets and Budgetary Accounting** – By state law, the District’s governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District’s governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and for miscellaneous changes to the spending plans. The District’s governing board approves revisions to the budget.

**General Apportionment and Property Tax** – The District’s general apportionment is received from a combination of local property taxes, state apportionments, and other local sources.

The counties are responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the counties. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. Lassen and Modoc counties bill and collect the property taxes for the District.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

***General Apportionment and Property Tax, continued***

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes based upon historical collection percentages of 55% in December, 40% in April, and a true up of the balance of the adjusted Secured Tax Roll in June.

Property taxes are recorded as local revenue sources by the District. The California Community Colleges Chancellor's Office reduces the District's entitlement by the District's local property tax revenue and student fees. The balance is paid from the State's General Fund and is referred to as the state apportionment. The District's base revenue is the amount of general purpose tax revenue, per full-time equivalent student (FTES) that the District is entitled to by law.

**Change in Accounting Principles**

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

**New Accounting Pronouncements**

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

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**New Accounting Pronouncements, continued**

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

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

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

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

**Change in Accounting Principle - Foundation**

In November, FASB issued ASU 2021-09, *Leases* (ASU 2021-09). ASU 2021-09 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months.

The Foundation has implemented the provisions of this ASU as of June 30, 2023, because management believes it improves the Foundation's financial reporting.

**LASSEN COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2023**

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**NOTE 3 - CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2023:

**Governmental Funds:**

County treasurer's investment pool	\$ 19,442,080
Cash on hand and in banks	41,398
Total cash and investments - Governmental Funds	<u>\$ 19,483,478</u>

**Fiduciary Funds:**

County treasurer's investment pool	\$ 91,411
Total cash and investments - Fiduciary Funds	<u>\$ 91,411</u>

**Foundation:**

Cash on hand and in banks	\$ 434,276
Total cash and investments - Foundation	<u>\$ 434,276</u>

- 1) *Deposits* The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.
- 2) *Investments That are Not Securities:* A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

**Custodial Credit Risk – Deposits**

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District and Foundation do not have a deposit policy for custodial credit risk. As of June 30, 2023, the District and Foundation's bank balances were fully insured.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 3 - CASH AND CASH EQUIVALENTS, continued**

**District – Investment Credit Risk**

*California Government Code*, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor’s or Aaa, Aa, or A by Moody’s indices. The District’s investment policy is more restrictive than *California Government Code* as it relates to investment vehicles. The District’s investment policy authorizes investment in Local Agency Investment Fund (LAIF), the County treasurer’s investment pool, or certificates of deposit (not to exceed \$100,000 in any financial institution). As of June 30, 2023, the District was wholly invested in the County treasurer’s investment pool in the amount of \$19,468,692 fair value. The County treasurer’s investment pool is not rated.

**District – Investment Interest Rate Risk**

*California Government Code*, Section 53601, limits the District’s investments to maturities of five years. The weighted average days to maturity of the District’s investment of cash in the County treasurer’s investment pool is 774 days. The District does not have an investment policy regarding interest rate risk.

**NOTE 4 - INVESTMENTS WITH FISCAL AGENT**

During the year ended June 30, 2023, the Foundation made no contributions to the California Community Colleges Scholarship Endowment Fund. The funds remain the Foundation’s asset and are invested alongside other amounts in the Fund. Scholarships will be made annually from this investment at the Foundation’s discretion. The earnings on the invested money will be distributed as scholarships. In years when the earnings are not sufficient, the principal can be used for scholarships as well.

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2023, accounts receivable amounted to \$3,148,213. The District believes all receivables accrued at June 30, 2023 are collectable.

Accounts receivable for the Foundation consisted of rent receivables. As of June 30, 2023, the Foundation collected all accounts receivable amounts.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 - CAPITAL ASSETS**

The District's capital asset activity for the year ended June 30, 2023, is summarized as follows:

	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 36,240	\$ -	\$ -	\$ 36,240
Total Capital Assets not being Depreciated	36,240	-	-	36,240
Capital Assets being Depreciated				
Site improvements	440,932	-	-	440,932
Buildings & improvements	13,094,902	998,416	-	14,093,318
Co-generation plant	1,155,043	-	-	1,155,043
Equipment	6,439,012	779,013	-	7,218,025
Total Capital Assets being Depreciated	21,129,889	1,777,429	-	22,907,318
Total Capital Assets	21,166,129	1,777,429	-	22,943,558
Less Accumulated Depreciation	15,547,681	1,102,062	-	16,649,743
Net Capital Assets	\$5,618,448	\$ 675,367	\$ -	\$ 6,293,815

The co-generation plant, which was placed in service in 1985, was operated for less than a month and has been idle since that time. The District is currently researching options for usage or disposal of the plant. Management believes the net book value of the asset approximates the current fair value of the asset and related equipment included within the facility. The net book value of the plant at June 30, 2023, was \$260,478.

The Foundation's capital asset activity for the year ended June 30, 2023, is summarized as follows:

	Balance			Balance
	July 1, 2022	Additions	Deductions*	June 30, 2023
Capital Assets being Depreciated				
Site improvements	\$ 204,128	\$ 10,724	\$ -	\$ 214,852
Vehicles	80,490	-	80,490	-
Equipment	141,394	-	44,928	96,466
Total Capital Assets being Depreciated	426,012	10,724	125,418	311,318
Less Accumulated Depreciation	391,482	12,717	125,418	278,781
Net Capital Assets	\$ 34,530	\$ (1,993)	\$ -	\$ 32,537

\*All assets are being liquidated that were associated with Lassen Cougar Enterprise.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 - INTANGIBLE RIGHT-TO-USE ASSETS**

The amount of intangible right-to-use assets by major class of underlying assets as of June 30, 2023, was as follows:

	Adjusted Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Intangible Right of Use Assets:				
Leased software	\$ 1,747,021	\$ -	\$ -	\$ 1,747,021
Total Intangible Right of Use Assets	1,747,021	-	-	1,747,021
Less Accumulated Amortization				
Leased software	-	374,420	-	374,420
Total Accumulated Amortization	-	374,420	-	374,420
Intangible Right of Use Assets, net	\$ 1,747,021	\$ (374,420)	\$ -	\$ 1,372,601

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
<b>Long-Term Obligations</b>				
Compensated absences	\$ 527,986	\$ -	\$ 37,531	\$ 490,455
Net pension liability	10,899,538	6,786,122	-	17,685,660
Lease software	-	1,747,021	358,421	1,388,600
Total other liabilities	11,427,524	8,533,143	395,952	19,564,715
Total long-term obligations	\$ 11,427,524	\$ 8,533,143	\$ 395,952	\$ 19,564,715

**Leases**

The District has entered into agreements to lease certain softwares. The lease agreements qualify as other than short-term leases under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Future minimum lease payments at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 366,971	\$ 28,042	\$ 395,013
2025	375,726	19,287	395,013
2026	324,996	10,992	335,988
2027	320,907	3,479	324,386
	\$ 1,388,600	\$ 61,800	\$ 1,450,400

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

During fiscal year 2021, District offered the two employees participating in the program a buy out in benefits. The two active employees accepted the offer. As a result, the District does not have any active participants in the program. The District no longer offers postemployment benefits to its employees, as a result the District's financial statements will no longer reflect OPEB activity or liabilities.

**NOTE 10 - NET PENSION LIABILITY**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers' Retirement System (CalSTRS), and Classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 5,992,832	\$ 2,111,401	\$ 742,515	\$ 174,790
CalPERS	11,692,828	3,952,378	1,340,997	2,160,707
Total	<u>\$ 17,685,660</u>	<u>\$ 6,063,779</u>	<u>\$ 2,083,512</u>	<u>\$ 2,335,497</u>

**Pension Plans – California Public Employees' Retirement System (CalPERS)**

***General Information about the Pension Plan***

**Plan Description** – The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

***General Information about the Pension Plan, continued***

**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, 2023 are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
	December 31, 2012	January 1, 2013
Hire date		
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	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%

**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, 2023, are presented above and the total District contributions were \$1,506,120.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$11,692,828. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.034 percent and 0.034 percent, resulting in no change in the proportionate share.

For the year ended June 30, 2022, the District recognized pension expense of \$2,160,707. 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	\$ 1,380,605	\$ -
Differences between expected and actual experience	52,845	290,933
Changes in assumptions	864,969	-
Net changes in proportionate share of net pension liability	147,839	1,050,064
District contributions subsequent to the measurement date	1,506,120	-
Total	\$ 3,952,378	\$ 1,340,997

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 279,688
2025	60,471
2026	104,545
2027	660,557
	\$ 1,105,261

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

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

**Actuarial assumptions** - For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

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

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. 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.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

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

**Actuarial assumptions, continued**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

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

\*An expected inflation of 2.30% used for this period.

\*\*Figures are based on the 2021-22 Asset Liability Management study.

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate**

- The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan’s net pension liability	\$ 16,890,883	\$ 11,692,828	\$ 7,396,827

**Pension plan fiduciary net position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

**Pension Plans – California State Teachers’ Retirement System (CalSTRS)**

**General Information about the Pension Plan**

**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, 2015, 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.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

***General Information about the Pension Plan, 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 nonemployee 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 provision and benefits in effect as June 30, 2022 measurement date are summarized as follows:

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

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

**Contributions** - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$1,071,266.

**On-Behalf Payments** - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$481,453 to CalSTRS.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

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

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

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$	5,992,832
State's proportionate share of the net pension liability associated with the District		<u>3,001,228</u>
Total	\$	<u>8,994,060</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.009 percent and 0.009 percent, resulting in no change in the proportionate share.

For the year ended June 30, 2023, the District recognized pension expense of \$174,790. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 293,251
Differences between expected and actual experience	4,916	449,264
Changes in assumptions	296,979	-
Net changes in proportionate share of net pension liability	738,240	-
District contributions subsequent to the measurement date	1,071,266	-
Total	<u>\$ 2,111,401</u>	<u>\$ 742,515</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 275,919
2025	(32,118)
2026	(307,915)
2027	444,468
2028	(62,121)
Thereafter	(20,613)
	\$ 297,620

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

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

**Actuarial Assumptions, continued**

The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 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 in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

\*20-year average

**Discount rate** - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. 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 occur midyear. Based on those 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 the total pension liability.

**LASSEN COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2023**

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**NOTE 10 - NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate**

- The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 10,178,052	\$ 5,992,832	\$ 2,517,842

**Pension plan fiduciary net position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

**NOTE 11 - JOINT POWERS AGREEMENTS**

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Northern California Community Colleges Self-Insurance Authority (NCCC SIA), Siskiyou County Schools Joint Powers Authority, and Siskiyou County Schools Dental JPA. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers’ compensation, dental, vision, and excess liability coverage for their members.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District’s share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

**NOTE 12 - SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2023 through December 30, 2023 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.009%	0.009%	0.008%	0.008%	0.008%
District's proportionate share of the net pension liability	\$ 5,992,832	\$ 4,033,924	\$ 7,577,122	\$ 7,082,503	\$ 7,352,560
State's proportionate share of the net pension liability associated with the District	3,001,228	2,029,757	3,905,975	3,864,009	4,209,887
Total	\$ 8,994,060	\$ 6,063,681	\$ 11,483,097	\$ 10,946,512	\$ 11,562,447
District's covered - employee payroll	\$ 4,843,966	\$ 4,240,557	\$ 4,246,904	\$ 6,210,147	\$ 6,210,147
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	124%	95%	178%	114%	118%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.0340%	0.034%	0.035%	0.037%	0.034%
District's proportionate share of the net pension liability	\$ 11,692,828	\$ 6,865,614	\$ 10,754,766	\$ 10,716,284	\$ 8,932,155
District's covered - employee payroll	\$ 5,179,158	\$ 5,097,404	\$ 4,792,222	\$ 5,196,617	\$ 5,196,617
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	226%	135%	224%	206%	172%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

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

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>CalSTRS</b>				
District's proportion of the net pension liability	0.007%	0.008%	0.008%	0.009%
District's proportionate share of the net pension liability	\$ 6,675,136	\$ 6,388,588	\$ 5,483,520	\$ 5,074,767
State's proportionate share of the net pension liability associated with the District	3,948,987	3,637,445	2,900,169	3,067,422
Total	\$ 10,624,123	\$ 10,026,033	\$ 8,383,689	\$ 8,142,189
District's covered - employee payroll	\$ 4,282,134	\$ 5,849,746	\$ 3,862,684	\$ 3,888,341
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	156%	109%	142%	131%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	77%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>CalPERS</b>				
District's proportion of the net pension liability	0.033%	0.032%	0.032%	0.032%
District's proportionate share of the net pension liability	\$ 7,951,180	\$ 6,360,285	\$ 4,686,136	\$ 3,577,974
District's covered - employee payroll	\$ 4,830,958	\$ 4,239,287	\$ 3,873,552	\$ 3,515,148
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	165%	150%	121%	102%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	83%	83%

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
<b>CalSTRS</b>					
Statutorily required contribution	\$ 1,071,266	\$ 819,599	\$ 685,875	\$ 768,813	\$ 1,011,012
District's contributions in relation to the statutorily required contribution	1,071,266	819,599	685,875	768,813	1,011,012
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,331,359	\$ 4,843,966	\$ 4,246,904	\$ 4,240,557	\$ 6,210,147
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	18.13%	16.28%
	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
<b>CalPERS</b>					
Statutorily required contribution	\$ 1,506,120	\$ 1,186,545	\$ 991,990	\$ 1,005,259	\$ 938,613
District's contributions in relation to the statutorily required contribution	1,506,120	1,186,545	991,990	1,005,259	938,613
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,574,072	\$ 5,179,158	\$ 4,792,222	\$ 5,097,404	\$ 5,196,617
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year			
	2018	2017	2016	2015
<b>CalSTRS</b>				
Statutorily required contribution	\$ 617,912	\$ 735,898	\$ 414,466	\$ 342,174
District's contributions in relation to the statutorily required contribution	617,912	735,898	414,466	342,174
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,282,134	\$ 5,849,746	\$ 3,862,684	\$ 3,888,341
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.80%
	Reporting Fiscal Year			
	2018	2017	2016	2015
<b>CalPERS</b>				
Statutorily required contribution	\$ 671,020	\$ 588,837	\$ 459,016	\$ 413,733
District's contributions in relation to the statutorily required contribution	671,020	588,837	459,016	413,733
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,830,958	\$ 4,239,287	\$ 3,873,552	\$ 3,515,148
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.*

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Proportionate Share of the Net Pension Liability**

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

**Changes of Benefit Terms** - There were no changes in benefit terms since the previous valuations.

**Changes of Assumptions** - There were no changes in assumptions since the previous valuation for CalSTRS. The discount rate for CalPERS decreased from 7.15% as of June 30, 2021 measurement date to 6.90% as of the June 30, 2022 measurement date.

**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.

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**SUPPLEMENTARY  
INFORMATION**

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**LASSEN COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATIONAL STRUCTURE  
FOR THE YEAR ENDED JUNE 30, 2023**

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The forerunner of Lassen Community College began on May 4, 1925, when the Junior College Department of the Lassen Union High School District was established and began conducting classes on the Lassen High School campus.

A separate facility was created in 1941; and in 1947, because of increasing enrollment, a new building was constructed adjacent to the high school.

The modern era of Lassen Community College began in March 1965 with the establishment of the Lassen Community College District and the separation from the high school district.

The District provides higher education instruction for the first and second years of college education and vocational training at Lassen Community College.

**GOVERNING BOARD**

<b>NAME</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Mr. Buck Parks	President	December 2024
Ms. Kim Dieter	Vice President	December 2024
Mr. Louis Hamilton	Trustee	December 2026
Mrs. Robin Hanson	Trustee	December 2026
Mrs. Sandra Jonas	Trustee	December 2024
Mr. David Trussell	Trustee	December 2024
Mrs. Sophia Wages	Trustee	December 2026
Miss. Jasmine Gisselberg	Student Trustee	May 2024

**DISTRICT ADMINISTRATION**

*Interim President/Superintendent*  
Carie Camacho

*Interim of VP Administrative Services/CBO*  
David Corley

*Interim VP of Academic Services*  
Vacant

*VP of Student Services*  
Roxanna Haynes

<b>Auxiliary Name</b>	<b>Director's Name/Title</b>	<b>Establishment and Master Agreement Date</b>
Lassen College Foundation	Julie Johnston, Interim Director (Jan-Jun 2023)	Organized as an auxiliary organization in 1977 and has a signed master agreement dated November 12, 2008

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

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The full-time equivalent resident students (FTES) eligible for 2022-23 state apportionment reported to the Chancellor's Office as of June 30, 2023, are summarized below:

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustment</u>	<u>Audited Data</u>
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit	4.18	-	4.18
2. Credit	10.88	-	10.88
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit	0.76	-	0.76
2. Credit	127.59	-	127.59
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	208.33	-	208.33
(b) Daily Census Contact Hours	137.46	-	137.46
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	16.49	-	16.49
(b) Credit	38.16	-	38.16
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	468.23	-	468.23
(b) Daily Census Contact Hours	31.50	-	31.50
(c) Noncredit Independent Study/Distance Education Courses	3.76	-	3.76
<b>D. Total FTES</b>	<u>1,047.34</u>	<u>-</u>	<u>1,047.34</u>
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	2.36	-	2.36
2. Noncredit	21.03	-	21.03
Total Basic Skills FTES	<u>23.39</u>	<u>-</u>	<u>23.39</u>

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

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass Through/ Grant Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	*	84.007	\$ 188,470
Federal Work Study Program	*	84.033	209,732
Federal Pell Grant Program	*	84.063	1,314,059
Federal Direct Student Loans	*	84.268	295,543
Total Financial Aid Cluster			<u>2,007,804</u>
CARES Act: Higher Education Emergency Relief Funds (HEERF)			
COVID-19 HEERF III CARES Act - Institutional Portion	*	84.425F	437,643
Coronavirus State and Local Recovery Funds	*	21.019	2,570
Subtotal Higher Education Emergency Relief Funds (HEERF)			<u>440,213</u>
TRIO - Student Support Services	*	84.042A	247,011
Passed Through California Department of Education			
Vocational Education-Basic Grants to States	13-C01-025	84.048	114,167
<b>Total U.S. Department of Education</b>			<u>2,809,195</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Agriculture			
Schools and Roads - Grants to States	*	10.665	63,729
Distance Learning and Telemedicine Grant	*	10.885	10,947
<b>Total U.S. Department of Agriculture</b>			<u>74,676</u>
<b>Total Federal Expenditures</b>			<u>\$ 2,883,871</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues				
	Accounts		Grantor	Total Revenue	Program Expenditures
	Cash Received	Receivable (Payable)			
Staff Diversity	\$ 138,888	\$ -	\$ (7,016)	\$ 131,872	\$ 131,872
Innovations and Effectiveness	770	-	(770)	-	-
CARE	893,577	-	(237,942)	655,635	655,635
EEO Best Practices	208,333	-	(37,752)	170,581	170,581
Veterans Resource Center	104,891	-	(73,918)	30,973	30,973
Student Success Completion Grant	224,914	-	2,596	227,510	227,510
College Promise	73,015	-	(37,207)	35,809	35,809
Early Action Emergency Fin Assist	512,831	-	(512,831)	-	-
Retention & Enrollment Outreach	393,317	-	(121,600)	271,717	271,717
Student Food & Housing Support	162,588	-	(171,932)	(9,344)	(9,344)
Emergency FIN Assist Program	11,214	-	(11,214)	-	-
Campus Safety Sexual Harassment	-	-	(6,466)	(6,466)	(6,466)
Statewide Tech & Security	350,000	-	(12,040)	337,960	337,960
MAINTENANCE ALLOW	3,673	-	-	3,673	3,673
Part time Faculty Compensation	85,969	-	-	85,969	85,969
Prop 20 Lottery	133,022	-	-	133,022	133,022
Scheduled Maint/Physical Plant	-	-	(2,814)	(2,814)	(2,814)
21/22 EPA Recalculation	2,113,250	-	-	2,113,250	2,113,250
Mental Health	91,841	-	(58,748)	33,093	33,093
Undocumented Resource Liaison	134,617	-	(13,654)	120,963	120,963
Student Success Student Equity	1,824,268	-	(1,332,198)	492,070	492,070
Guided Pathways	225,779	-	(113,219)	112,560	112,560
LGBTQ	-	-	(305)	(305)	(305)
Disabled Students Programs	304,544	-	73,389	377,932	377,932
Basic Needs	154,733	-	88,781	243,514	243,514
CalWORKs	153,454	-	(8,315)	145,139	-
TANF	23,368	7,380	-	30,748	30,748
Financial Aid Technology	41,307	-	54,927	96,234	-
SFA ADMIN ALLOW	151,584	-	-	151,584	151,584
Extended Opportunity Programs	492,416	-	11,648	504,064	504,064
Cooperative Agency Resources	111,441	-	12,059	123,500	123,500
Next Up	565,755	-	(63,667)	502,088	502,088
Zero Textbook Cost Program	40,000	-	(20,000)	20,000	20,000
Inst Support Physical Plant	280,586	-	(10,067)	270,519	270,519
ZTC (one-time funds)	180,000	-	(22,539)	157,461	157,461
Rural Tech Grant	550	-	10,397	10,947	10,947
Local Strong Workforce	300,810	-	(203,931)	96,879	96,879
Rising Scholars 2.0	130,469	19,249	(130,939)	18,779	18,779
AB 104 2022	-	-	(393,180)	(393,180)	(393,180)
Adult Education	1,066,317	-	(727,495)	338,822	338,822
Inmate Education Book Grant	38,167	-	(5,293)	32,874	32,874
SW Accelerated Workforce	40,000	-	24,891	64,891	64,891
Strong Workforce Regional	317,692	-	(272,364)	45,328	45,328
Early Action Emergency FAID SB85	512,831	-	-	512,831	512,831
Scheduled Maint/Physical Plant	1,648,115	-	(113,801)	1,534,314	1,534,314
	<b>\$ 14,240,896</b>	<b>\$ 26,629</b>	<b>\$ (4,444,529)</b>	<b>\$ 9,822,996</b>	<b>\$ 9,581,623</b>

See accompanying note to supplementary information.

**LASSEN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>Academic Salaries</b>							
Instructional Salaries							
Contract or Regular	1100	\$ 3,401,542	\$ -	\$ 3,401,542	\$ 3,401,542	\$ -	\$ 3,401,542
Other	1300	1,971,227	-	1,971,227	1,971,227	-	1,971,227
Total Instructional Salaries		5,372,769	-	5,372,769	5,372,769	-	5,372,769
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	877,917	-	877,917
Other	1400	-	-	-	216,894	-	216,894
Total Non-Instructional Salaries		-	-	-	1,094,811	-	1,094,811
Total Academic Salaries		5,372,769	-	5,372,769	6,467,580	-	6,467,580
<b>Classified Salaries</b>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	2,700,842	-	2,700,842
Other	2300	-	-	-	161,180	-	161,180
Total Non-Instructional Salaries		-	-	-	2,862,022	-	2,862,022
Instructional Aides							
Regular Status	2200	556,309	-	556,309	556,309	-	556,309
Other	2400	16,968	-	16,968	16,968	-	16,968
Total Instructional Aides		573,277	-	573,277	573,277	-	573,277
Total Classified Salaries		573,277	-	573,277	3,435,299	-	3,435,299
Employee Benefits	3000	2,696,532	-	2,696,532	4,835,972	-	4,835,972
Supplies and Materials	4000	-	-	-	260,164	-	260,164
Other Operating Expenses	5000	58,865	-	58,865	109,395	-	109,395
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		8,701,443	-	8,701,443	15,108,410	-	15,108,410
<b>Exclusions</b>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	33,925	-	33,925	33,925	-	33,925
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	47,052	-	47,052
Object to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	189,531	-	189,531
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	60,287	-	60,287
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 33,925	\$ -	\$ 33,925	\$ 330,795	\$ -	\$ 330,795
Total for ECS 84362, 50% Law		\$ 8,667,518	\$ -	\$ 8,667,518	\$ 14,777,615	\$ -	\$ 14,777,615
Percent of CEE (Instructional Salary Cost/Total CEE)		58.65%	0.00%	58.65%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 7,388,808	\$ -	\$ 7,388,808

**LASSEN COMMUNITY COLLEGE DISTRICT  
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2023**

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EPA Revenue	\$ 2,113,250
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 2,113,250	\$ -	\$ -	\$ 2,113,250
Total		\$ 2,113,250	\$ -	\$ -	\$ 2,113,250

**LASSEN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Total Fund Equity - District Funds Included in the Reporting Entity  
Financial and Budget Report (CCFS-311)**

General Fund	\$	9,619,129	
Special Revenue Fund		54,657	
Capital Projects Fund		400,304	
Student Financial Aid Fund		(3,837)	
Student Trust Fund		<u>23,394</u>	\$ 10,093,647
Assets recorded within the statements of net position not included in the District fund financial statements:			
Nondepreciable capital assets		36,240	
Depreciable capital assets		22,907,318	
Accumulated depreciation		(16,649,743)	
Intangible right of use assets		<u>1,372,601</u>	7,666,416
Fair Market Value - Cash in County Investments			(962,300)
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
Net pension liability			(17,685,660)
Compensated absences			(490,455)
Capital lease			(1,388,600)
Deferred outflows of resources			6,063,779
Deferred inflows of resources			<u>(2,083,512)</u>
<b>Total net position reported within the Statement of Net Position</b>			<u>\$ 1,213,315</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organizational Structure**

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

**Schedule of Workload Measures for State General Apportionment Annual/Actual Attendance**

A full-time equivalent student is a measurement of the number of hours students attend classes. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts.

**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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Schedule of Revenues and 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.

**Reconciliation of Annual Financial and budget report (CCFS-311) with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the audited financial statements other than those adjustments related to the conversion required by GASB Statement Nos. 34 and 35.

**Reconciliation of ECS 84362 (50 Percent Law) Calculation**

This schedule provides the information necessary to reconcile the 50% law calculation as reported on the Form CCFS-311 to the audited financial statements.

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

**LASSEN COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES, continued**

**Details of the Education Protection Account**

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

**Reconciliation of Governmental Funds to the Statement of Net Position**

This schedule provides the information necessary to reconcile the governmental fund balances to the audited financial statements.

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**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  
Lassen Community College District  
Susanville, 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, fiduciary activities, and the aggregate remaining fund information of Lassen Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 30, 2023



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

The Board of Trustees  
Lassen Community College District  
Susanville, California

### **Report on Compliance for Each Major Federal Program**

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

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

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

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

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

We are required to be independent of Lassen 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 Lassen 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 Lassen 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 Lassen 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 Lassen 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 Lassen 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 Lassen 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 Lassen Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 30, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees  
Lassen Community College District  
Susanville, California

### **Report on State Compliance**

#### **Opinion on State Compliance**

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

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

#### **Basis for Opinion**

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

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

#### **Responsibilities of Management for Compliance**

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

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

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

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

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

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

### **Procedures Performed**

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

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

### **Purpose of this Report**

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



San Diego, California  
December 30, 2023

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section I – Summary of Auditors’ Results**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
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	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E</u>	<u>Emergency Relief Fund for Students</u>

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

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section II – Financial Statement Findings**

This section identifies the audit findings required to be reported under Uniform Guidance.

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported under Uniform Guidance.

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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

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

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

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

**FINDING #2022-001 – PAYROLL - FOUNDATION**

**Criteria:** Internal control best practices over human resources and payroll functions recommend that no person with responsibility over Human Resources controls and recordkeeping should also have access to Payroll controls.

**Condition:** Auditor noted that a single individual, the LCE Chief Executive Officer, is tasked with Lassen Cougar Enterprises HR and Payroll functions. These functions include hiring, maintaining employee files, setting employee duties/compensation, determining promotions/terms, removing terminated employees, tracking employee time worked, entering employee pay and ultimately generating pay runs.

**Effect:** The deviation from internal control best practices results in an increased risk of fraud. Holding several people responsible for the separate functions of human resources and payroll acts as a deterrent to employees attempting to engage in fraudulent transactions.

**Recommendation:** We recommend that the corporation segregate the core duties over the HR and Payroll functions by assigning responsibilities to several people.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-002 – PURCHASING AND INVENTORY - FOUNDATION**

**Criteria:** Internal control best practices over purchasing and inventory functions recommend that no person with responsibility over procurement controls have access to inventory/warehouse controls.

**Condition:** Auditor noted that a single individual, the LCE Chief Executive Officer, is tasked with Lassen Cougar Enterprises purchasing and inventory/warehouse functions. These functions include determining equipment/vehicle needs, facilitating purchases, vehicle registration (see Finding #2021-008), management of inventory records and responsibility for storage of equipment/vehicle assets.

**Effect:** The deviation from internal control best practices results in an increased risk of fraud. Holding several people responsible for the separate functions of purchasing and inventory/warehouse management acts as a deterrent to employees attempting to engage in fraudulent transactions.

**Recommendation:** We recommend that the corporation and foundation segregate the core duties over the purchasing and inventory/warehouse functions by assigning responsibilities to several people.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-003 – CASH RECEIPTS/RECORDKEEPING/RECONCILIATIONS/DEPOSITS – FOUNDATION**

**Criteria:** Internal control best practices over cash receipting, recordkeeping, bank reconciliation and deposit functions recommend that no person with responsibility over cash receipting controls have access to recordkeeping, bank reconciliation and deposit controls.

**Condition:** Auditor noted that a single individual, the LCE Chief Executive Officer, is tasked with Lassen Cougar Enterprises cash receipting and recordkeeping/bank reconciliation and deposit functions. These functions include determination of pricing, administration of forest service reservations, point of sale receipt of cash and receipt of incoming checks along with recordkeeping of receipt transactions, reconciliation of outstanding items and deposit of funds.

**Effect:** The deviation from internal control best practices results in an increased risk of fraud. Holding several people responsible for the separate functions of cash receipting and recordkeeping/bank reconciliation and deposits acts as a deterrent to employees attempting to engage in fraudulent transactions.

**Recommendation:** We recommend that the corporation segregate the core duties over the cash receipting and recordkeeping/reconciliation/deposit functions by assigning responsibilities to several people.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-004 – FINANCIAL REPORTING/RECORDKEEPING – FOUNDATION**

**Criteria:** Internal control best practices over financial reporting and recordkeeping functions recommend that no person with responsibility over financial reporting have sole responsibility over the recordkeeping function.

**Condition:** Auditor noted that a single individual, the LCE Chief Executive Officer, is tasked with Lassen Cougar Enterprises financial reporting and recordkeeping functions. These functions include generation, organization and retention of all supporting docs pertaining to corporation activity, along with responsibility for the oversight of the corporation’s annual financial statement preparation.

**Effect:** The deviation from internal control best practices results in an increased risk of fraud. Holding several people responsible for the separate functions of financial reporting and recordkeeping acts as a deterrent to employees attempting to engage in fraudulent transactions.

**Recommendation:** We recommend that the corporation segregate the core duties over the financial reporting and recordkeeping functions by assigning responsibilities to several people.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District’s Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-005 – ANNUAL RENT AGREEMENT BETWEEN LCF AND LCE - FOUNDATION**

**Criteria:** The payment of annual rent by LCE to LCF is the primary manner in which LCE financially benefits LCF and thus the primary reason for LCE's existence as a wholly owned supporting corporation of LCF. Internal control best practices over significant financial arrangements, such as the annual rent agreement between LCF and LCE, require that these arrangements be well documented and transparent to board and public oversight.

**Condition:** Auditor noted that the determination of annual rent to be paid by LCE to LCF is highly informal and unclear as to the underlying calculation or basis for the amount to be paid. Between 2009 and 2020 the rent amount has ranged from \$50,000 to \$250,000 annually with no documentation as to the underlying methodology for the calculation of these amounts. Further, auditor noted that annual rent agreements between LCE and LCF contemporaneous to 2021 and 2020, documenting the amount of rent for those years did not exist.

**Effect:** Lack of transparency over the calculation and commitment of rent to be paid by LCE to LCF. The payment of rent by LCE to LCF is the most significant recurring transaction between the two organizations.

**Recommendation:** We recommend that the corporation and foundation formalize the annual rent agreement including additional detail documenting the methodology for determination of rent. We further recommend that the detailed rent agreement and corresponding receipt of rent payments be reflected in the agenda, minutes and records of both the LCE and LCF boards.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-006 – LCE BOARD MINUTES - FOUNDATION**

**Criteria:** California Corporations Code Section 600(b) requires corporations to hold an annual meeting of shareholders.

As a wholly owned supporting corporation of LCF, LCE should conduct at least one shareholder meeting annually.

**Condition:** Auditor noted that no meetings of the LCE board took place during the 2021 and 2020 years to enable and document direct oversight of LCE.

**Effect:** Deviation from the requirements of California Corporations Code Section 600(b) resulting in a lack of transparency with respect to the operations of LCE.

**Recommendation:** We recommend that the LCE board meet on a regular schedule and in a manner with the requirements of good corporate governance.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-007 – TIMELINESS OF BANK RECONCILIATIONS AND FINANCIAL REPORTING - FOUNDATION**

**Criteria:** Internal control best practices over bank reconciliations and financial reporting recommend that the reconciliations take place within one (1) month of the statement close date and that the fiscal close take place within three (3) months of the year-end cutoff.

**Condition:** Auditor noted that the reconciliations for LCE’s June-December 2021 statements were completed during February 2022. Furthermore, LCF’s 6/30/2021 financials were not closed and available for audit until February 2022.

**Effect:** This condition negatively impacts the ability of LCE and LCF management and boards to properly monitor the cash balances and activities of the organizations.

**Recommendation:** We recommend that LCF and LCE ensure timeliness of all financial recordkeeping and reporting functions.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District’s Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-008 – VEHICLE REGISTRATION AND INSURANCE - FOUNDATION**

**Criteria:** Internal control best practices over vehicle registration and insurance recommend proper recognition and assignment of vehicles based on ownership.

**Condition:** Auditor noted that many of the vehicles purchased by LCE and assigned as assets of LCF were subsequently registered under the exempt status of the District and incorrectly assigned to the District's vehicle insurance policy.

**Effect:** Risk of improper insurance and registration which could result in erroneous charges to District as well as denial of claims and an inability to establish accurate ownership records.

**Recommendation:** We recommend that the District, LCF and LCE review all vehicle registration and insurance records to ensure proper assignment.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-009 – DOCUMENTATION OF REVENUE AND EXPENDITURE PROCEDURES – FOUNDATION**

**Criteria:** Internal control best practices over revenue and expenditure procedures recommend documentation and board approval of significant organization procedures.

**Condition:** Auditor noted that both LCE's and LCF's procedures concerning revenues and expenditures are not currently documented nor board approved.

**Effect:** Lack of formality and transparency concerning significant organizational procedures.

**Recommendation:** We recommend that both LCE and LCF document all significant procedures pertaining to its activities, particularly over revenue and expenditures, and advance these documented procedures for both LCE and LCF board approval.

**Corrective Action Plan:** The Board of Directors of the Lassen College Foundation will, at the direction and coordination of the District's Superintendent/President, develop and implement a corrective action plan that will correct each of the Findings related to the Foundation. As of January 9, 2023, the Foundation has contracted with Vista to take over the operations previously administered by LCE. This is anticipated to resolve the audit exceptions pertaining to LCE.

**Status:** Implemented in fiscal year 2022-23.

**LASSEN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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

**FINDING #2022-010 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM)**

**Criteria:** The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

**Condition:** During our testing of state general apportionment funding system, we noted that 1 out of 10 courses tested did not properly report the number of hours as certified by the instructor roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

**Questioned Costs:** We identified four courses without roster support for 2 hours. The hours in question do not equate to 1 ADA. Per the CDAM, no questioned costs need to be calculated.

**Cause:** Clerical error as instructor left the District prior to submission of the support for hours noted above.

**Effect:** Non-compliance with state general apportionment funding requirements.

**Recommendation:** We recommend that the District reconcile actual hours report to the hours supported by physical instructor rosters. In addition, per discussion with District management, management will perform monthly audits of instructor rosters and increase training with an emphasis placed on positive attendance calculations.

**District Response:** Upon review of the initially completed CCFS-311 it was found that mistakenly several areas were not completed resulting in the 311 not being accurate in matching the trial balance. The CCFS-311 has since been unlocked and updated by LCC and all data reported accurately and now matches the trial balance.

**Status:** Implemented in fiscal year 2022-23.