

YOSEMITE COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

YOSEMITE COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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YOSEMITE COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Yosemite Community College District
Modesto, California

Report on the Financial Statements

We have audited the accompanying financial statements of Yosemite Community College District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Yosemite Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yosemite Community College District, as of June 30, 2020, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 15 and the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions (Pensions) on pages 50 to 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 an opinion on the financial statements that collectively comprise Yosemite Community College District's basic financial statements. The accompanying schedule of expenditure 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* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization, have been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the information on page - titled Organization, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021 on our consideration of Yosemite Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Yosemite Community College 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 Yosemite Community College District's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
January 25, 2021

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Yosemite Community College District (the District) for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements, including the notes thereto, which follow this section.

HISTORY

Modesto Junior College, one of the oldest community colleges in the state, was founded in 1921 to serve the first junior college district established under the State Legislature. The District's boundaries changed in 1964 and the Yosemite Community College District was created and named by action of the electorate. The District includes two comprehensive, two-year colleges: Modesto Junior College founded in 1921, and Columbia College founded in 1967. The District includes all of two counties (Stanislaus and Tuolumne), parts of four others (Calaveras, Merced, San Joaquin, and Santa Clara), and stretches 170 miles across central California from the coastal range on the west to the Sierra Nevada's on the east. The District is governed by a seven-member Board of Trustees.

ACCOUNTING STANDARDS

The format of these financial statements follows Governmental Accounting Standards Board (GASB), Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The California Community Colleges Chancellor's Office (Chancellor's Office) recommends that all state community college districts follow the business type activity (BTA) model. The District applied the BTA reporting model to comply with the recommendation and to report in a manner consistent and comparable with other community college districts.

GASB reporting standards require that the annual report include three basic financial statements that provide information on the District as a whole: the statement of net position; the statement of revenues, expenses, and change in net position; and the statement of cash flows. The information provided on the statements in the Management's Discussion and Analysis (MDA) includes all funds, including general obligation bond funds and student associations. Each statement will be discussed separately. Financial statements for the college's foundations are issued separately and can be obtained from the respective organizations.

The following MDA provides an overview of the District's financial activities.

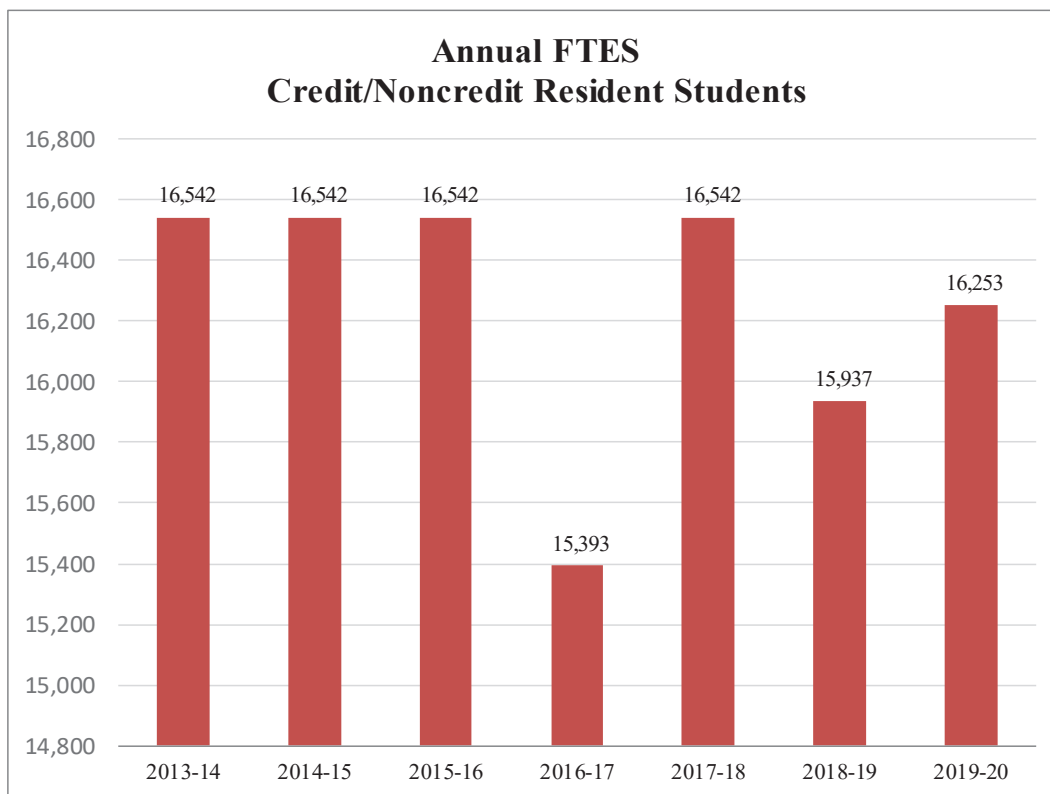
FINANCIAL HIGHLIGHTS

The 2018-19 State Budget Act included the passage of the new Student Centered Funding Formula (SCFF). The SCFF formula for 2020-21 continues to be calculated based on 70% FTES, 20% supplemental grant (number of students participating in the Pell Grant Program and California Promise Program), and 10% student success factors (i.e. certificates, associate degree transfers, transfer to 4-year institution, etc.). Due to COVID-19 Pandemic the state has guaranteed that the districts would be funded at the same level as 2019-20. The district has developed a conservative budget that overestimates the revenue deficit factor in the amount of approximately \$1.2 million in order to have adequate resources in case of an economic down turn. The 2019-2020 ending balance is \$23.5 million, which came in at higher level than

expected. This was due in part to the state trueing up the prior year allocations. For the 2020-21 budget year the district anticipates an additional \$3.5 million increase to ending balances due to implementing budget efficiencies and underestimating the state revenue. The district has reached agreement with the Yosemite Faculty Association to fund faculty salaries based on a formula, which provides the district the ability to project expenditures for the future budget years. The district is working with respective state agencies in order to secure TRAN in case of cash short fall due to revenue deferrals from the state. However, the district does not anticipate a need for a TRAN due to an availability of liquid assets.

ATTENDANCE

With the implementation of the Student Centered Funding Formula, total funded FTES will be calculated using a three-year rolling average. Actual FTES reported in 2019-20 was 16,253. The chart below shows actual FTES reported for 2019-20 fiscal year as well as the previous six years.



GENERAL FUND RESERVE

The District had a designated reserve in the General Fund of \$11.1 million, or approximately 10% of the General Fund unrestricted expenditures budget for 2019-20. For the 2020-21 budget year, the District has a 10% designated reserve on the General Fund unrestricted budgeted expenditures, a \$3 million additional reserve for PERS and STRS increases, a \$1 million reserve for Facilities Total Cost of Ownership (TCO), a \$250,000 reserve for Information Technology TCO, and just above \$4.1 million in undesignated reserves.

SALARIES AND BENEFITS

Eligible employees received stability pay as per their employee group contracts during the fiscal year. The California School Employees Association (CSEA) and Leadership Team (LTAC) received a 3% cost of living adjustment (COLA) for the 2019-20 fiscal year. CSEA was also paid an additional one-time 1% off schedule payout. The Vice Presidents group received a 2% COLA for the 2019-20 fiscal year. The District paid the cost of a base health benefit plan for eligible employees at an annual cost per employee of \$20,588. The District paid base health plan will increase to \$21,423 per eligible employee in 2020-21.

OTHER POSTEMPLOYMENT BENEFITS

The District joined the Public Agency Retirement Services (PARS) on July 1, 2008 to establish an irrevocable trust for its other postemployment benefits (OPEB). The District's OPEB consists of health benefits. As of June 30, 2020, the account balance was \$33,464,539. The initial contribution to the trust was made on June 1, 2009 in the amount of \$14,943,947. Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District is now required to record its full OPEB liability in its audited financial statements. As of June 30, 2020, the District's OPEB liability was \$8,543,330.

The District established a Retirement Trust Committee that meets quarterly with staff from PARS and US Bank to review the OPEB Trust investments, actuarial studies, and other activities related to the District's OPEB Trust.

GENERAL OBLIGATION BOND-MEASURE E

In November 2004, voters in the District approved Measure E, the \$326 million general obligation bond for the repair, upgrade, and new construction of Modesto Junior College and Columbia College facilities and the expansion of college education centers in Patterson, Oakdale, Turlock, and Angels Camp, California. The sale of the first of the three bond issues in the amount of \$94 million was made in May 2005; the second sale in the amount of \$150 million took place in April 2008; and the third and final bond issue was sold in June 2010 in the amount of \$82 million. In July 2012, the District refunded \$57,150,000 of bonds issued in 2005. The net savings of this refunding was \$4,528,621. In July 2015, the District refunded \$120,205,000 of bonds issued in 2005 and 2008. The net savings of this refunding was \$9,196,359. Completed and in-use projects are: MJC auditorium, MJC Ag-modular living units, MJC Ag-animal facilities renovation, MJC roadways, MJC loop road/infrastructure, MJC parking structure/lot, MJC softball complex, MJC Ag Multipurpose Pavilion, MJC Allied Health Building, MJC Art Building Renovation, MJC Founders Hall Modernization, MJC Painting East Campus, MJC Student Services Building, MJC Redbud Distance Education, MJC Science Center, MJC Roadways, MJC West Campus – Parking Lot 208, Great Value Museum Education Demonstration Center, MJC ACE Equipment Facility, CC Science Natural Resources Building, Columbia College (CC) bus service loop/disabled parking lot, CC 200 space parking lot, CC child development center, CC Juniper Upgrade, CC Madrone building modernization, CC Pinyon Building Upgrade, CC Public Safety Center, CC Manzanita Building, CC Manzanita Lower Level Renovation, CC roadways, CC roadways, Central Services (CS) Ag trailers, CS BM: Secondary Data Center, CS Hammer Throw, CS Utility Infrastructure, CS master plan, CS district office, and CS Capital Outlay Debt Service.

The Measure E Program Management Plan was Board approved in February 2006. The program, which was originally planned as a four-phase, twelve-year effort, has been reduced to a three-phase, nine-year plan. This significantly reduces the impact of inflation. The District's Board approved revised Measure E budgets for both Modesto Junior College and Columbia College in the spring of 2011. In January 2012, the District's Board approved revised Measure E budgets for Modesto Junior College and Central Services. Modesto Junior College reallocated existing funds from savings from completed projects. Based upon the bi-annual arbitrage studies that resulted in negative arbitrage calculation, Central Services augmented their allocation by \$20,000,000 from investment earnings for the purpose of building a Central Services office, improving roads, and adding solar energy to the District's sites. The 2019-20 year was an extraordinary year of construction and development for the District's Measure E projects.

STATEMENTS OF NET POSITION

The statements of net position include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. Net position, the difference between assets and liabilities, are an indicator of the financial health of a district.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 48,185,086	\$ 49,615,546	-3%
Receivables	17,362,746	12,535,174	39%
Inventory, prepaid, and other assets	1,286,442	1,336,764	-4%
Total Current Assets	<u>66,834,274</u>	<u>63,487,484</u>	5%
NONCURRENT ASSETS			
Restricted cash and cash equivalents	31,435,253	31,192,617	1%
Long-term investments	102,625	129,154	-21%
Loans to students	106,092	135,464	-22%
Capital assets - net	395,501,739	406,371,935	-3%
Total Noncurrent Assets	<u>427,145,709</u>	<u>437,829,170</u>	-2%
Total Assets	<u>493,979,983</u>	<u>501,316,654</u>	-1%
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of resources - pensions	33,621,436	37,332,753	-10%
Deferred amount on debt refunding	10,640,500	12,295,360	-13%
Deferred amount on resources - OPEB	2,229,624	1,640,978	36%
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>540,471,543</u>	<u>552,585,745</u>	-2%
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	9,909,237	11,354,592	-13%
Advances from grantors and students	23,639,713	22,175,441	7%
Other current liabilities	18,934,418	17,431,050	9%
Total Current Liabilities	<u>52,483,368</u>	<u>50,961,083</u>	3%
NONCURRENT LIABILITIES			
Long-term liabilities - noncurrent portion	508,185,412	501,229,543	1%
Total Liabilities	<u>560,668,780</u>	<u>552,190,626</u>	2%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	8,353,000	8,067,000	4%
Deferred inflows of resources - OPEB	319,391	365,346	-13%
NET POSITION			
Net investment on capital assets	123,934,071	131,363,348	-6%
Restricted	24,343,715	23,701,281	3%
Subtotal	<u>148,277,786</u>	<u>155,064,629</u>	-4%
Unrestricted:			
General Reserve	10,940,000	10,560,000	4%
Contingency reserve and other designations	(188,087,414)	(173,661,856)	8%
Total Unrestricted	<u>(177,147,414)</u>	<u>(163,101,856)</u>	9%
Total Net Position	<u>\$ (28,869,628)</u>	<u>\$ (8,037,227)</u>	259%

Current cash and cash equivalents consist mainly of cash in the County Treasury.

Receivables include receivables from state and federal grants as well as general apportionment earned but not received by year end.

Restricted cash and cash equivalents consist of amounts relating to the Capital Outlay Projects Fund and the General Obligations Bond Fund.

Long-term investments consist mainly of certificates of deposits and equity securities for the scholarship and loan programs.

Loans to students consist of notes receivable due from students under the Federal Nursing Loan program.

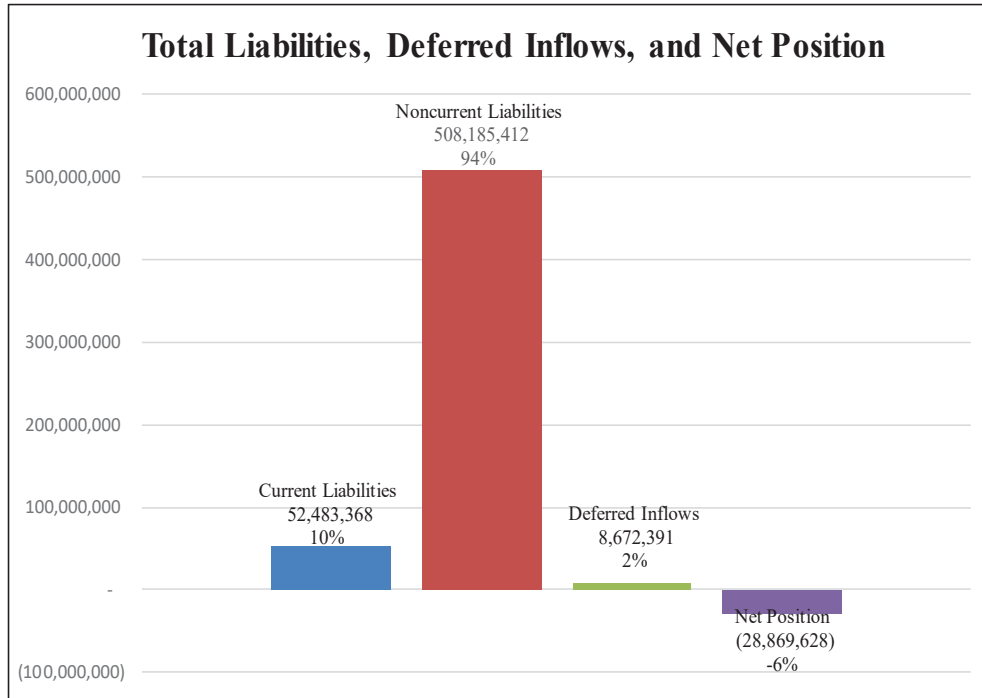
Net capital assets are the historical value of land, buildings, and equipment less accumulated depreciation. A total of \$1.1 million was added to net capital assets as a result of completed project funded by the General Obligation Bond Funds. The footnotes to the financial statements contain a breakdown of the net capital assets.

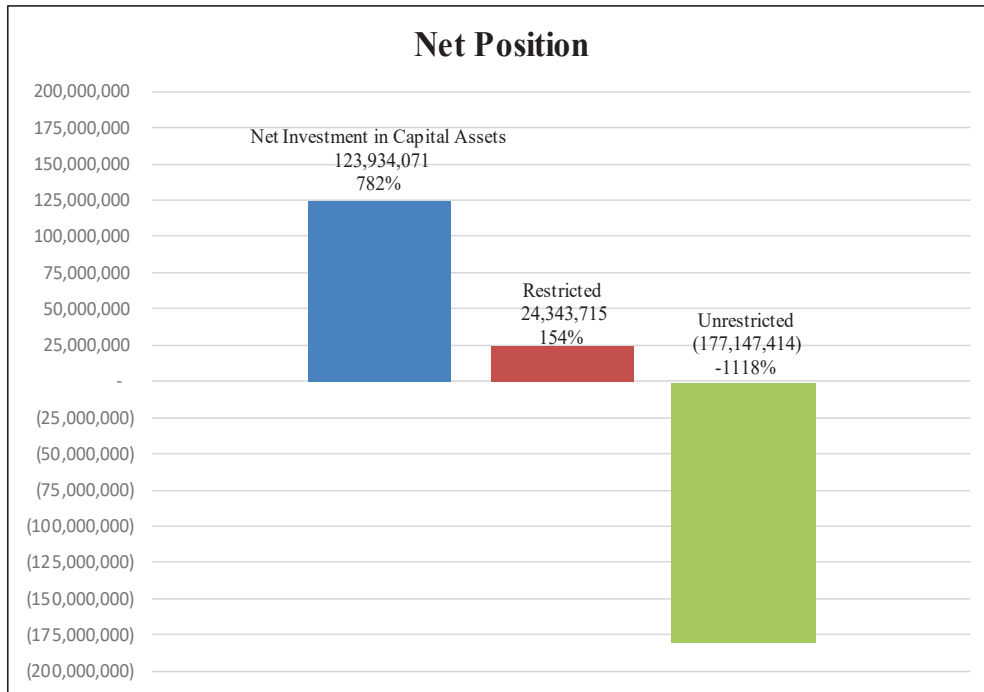
Accounts payable and accrued liabilities consist mainly of accrued payroll and payables due to vendors.

Advances from grantors and students relate to federal, state, and local program funds received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are unearned enrollment fees for the 2019-20 fiscal year.

Other current liabilities include the amounts held in trust for others. Long-term liabilities (noncurrent portion) are long-term debt to be paid in one year or later. The net other post-employment benefit liability of \$8,543,330, the net pension liability of \$135,470,000, and the general obligation bonds of \$256,115,060 are the major components of the noncurrent portion.

The 5% general reserve requirement per the State Chancellor's Office has been met and exceeded. Restricted net position consists primarily of net position held in the Capital Outlay Projects Fund for scheduled maintenance and special repairs and in the Bond Interest and Redemption Funds.





STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

The statements of revenues, expenses, and changes in net position present the operating finances of the District, as well as the nonoperating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Operating Revenues:			
Net tuition and fees	\$ 8,163,243	\$ 7,933,114	3%
Grants, contracts, and other designated revenues	54,639,259	54,558,050	0%
Auxiliary enterprise, net	3,981,135	4,917,354	-19%
Other Operating Income	1,939,951	2,509,883	-23%
Total Operating Revenues	<u>68,723,588</u>	<u>69,918,401</u>	-2%
Total Operating Expenses	<u>230,705,648</u>	<u>230,337,227</u>	0%
Operating Loss	<u>(161,982,060)</u>	<u>(160,418,826)</u>	1%
Nonoperating revenues (expenses)			
State apportionments - noncapital	56,563,291	51,992,741	9%
Local property taxes	49,640,568	45,705,735	9%
Lottery and other revenue	35,865,478	36,027,033	0%
Interest Expense - Capital	(21,082,975)	(19,434,878)	8%
Investment income	1,310,960	1,509,352	-13%
Other nonoperating revenues (expenses) - net	860,287	977,322	-12%
Total Nonoperating Revenues (Expenses)	<u>123,157,609</u>	<u>116,777,305</u>	5%
Loss before other revenues, expenses, gains, or losses	(38,824,451)	(43,641,521)	11%
Apportionment and property taxes - capital	<u>17,992,050</u>	<u>19,761,855</u>	-9%
Increase in Net Position	(20,832,401)	(23,879,666)	-13%
Net Position, beginning of year	<u>(8,037,227)</u>	<u>15,842,439</u>	-151%
Net Position - End of Year	<u>\$ (28,869,628)</u>	<u>\$ (8,037,227)</u>	<u>259%</u>

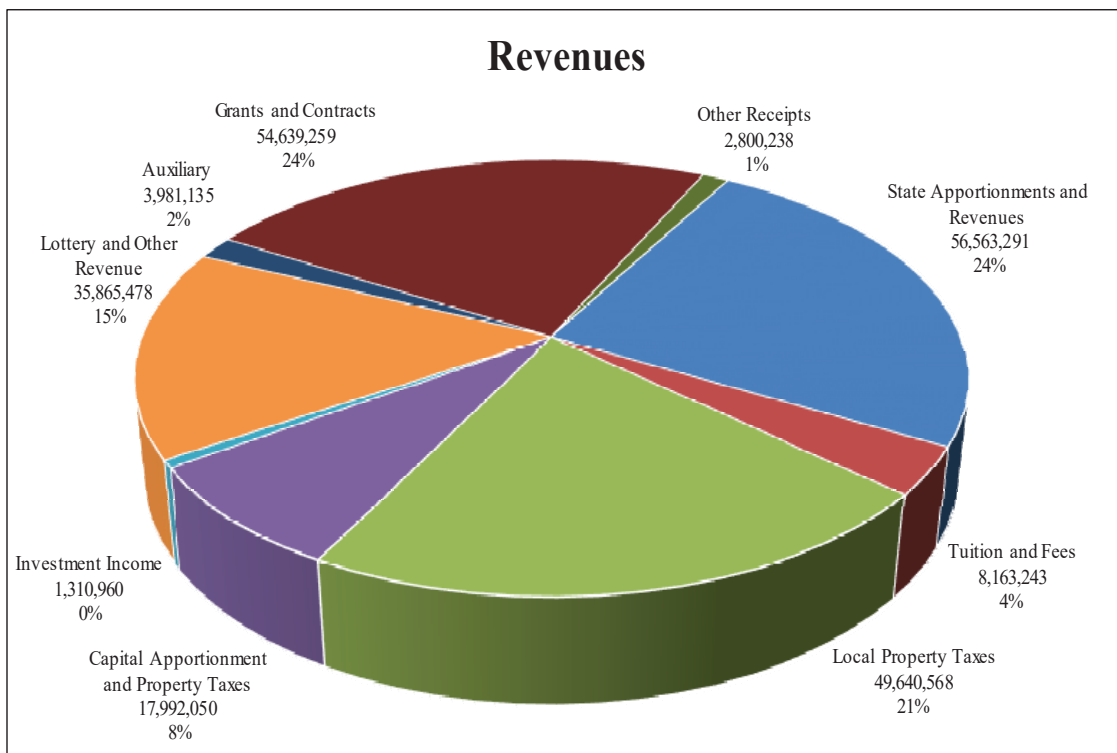
REVENUES

Net tuition and fees consist of enrollment fees of \$8,163,243; nonresident tuition of \$682,865 and all other fees of \$2,608,704. Regular enrollment fees are set by the State for all community colleges and were \$46 per unit. Regular enrollment fees are included in the calculation of general apportionment. Auxiliary enterprise, net, is primarily bookstore sales less allowances.

Other operating income consists primarily of rentals of District facilities and non-instructional fees.

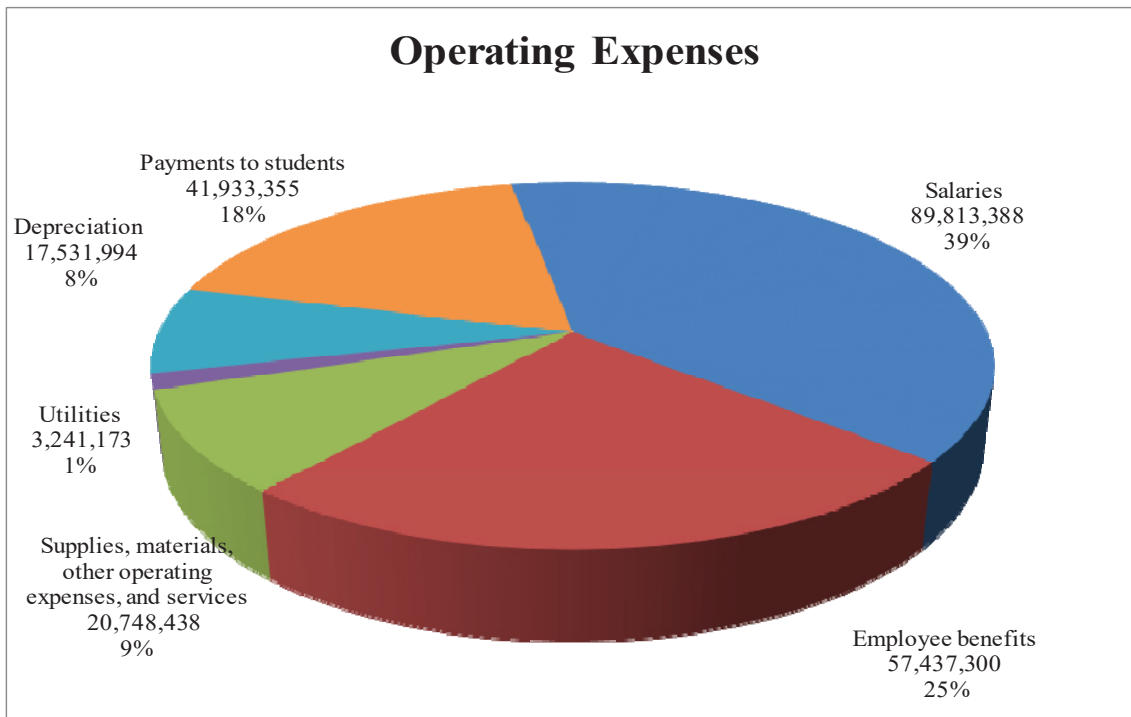
State apportionment represents total general apportionment earned less regular enrollment fees and property taxes.

Lottery and other revenues consist of Pell grant revenue of \$31,305,986, unrestricted state lottery revenue of \$3,232,481, and other state revenues of \$1,327,011.



OPERATING EXPENSES (BY NATURAL CLASSIFICATION – ALL FUNDS)

	2020	2019	Change
Salaries	\$ 89,813,388	\$ 88,213,179	2%
Employee benefits	57,437,300	53,280,948	8%
Supplies, materials, other operating expenses, and services	20,748,438	25,490,179	-19%
Utilities	3,241,173	3,126,552	4%
Depreciation	17,531,994	21,702,216	-19%
Payments to students	41,933,355	38,524,153	9%
Total Operating Expenses	\$ 230,705,648	\$ 230,337,227	0%



STATEMENTS OF CASH FLOWS

The statements of cash flows provide information about cash receipts and cash payments during the fiscal year. These statements also help users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and the need for external financing.

	2020	2019
Cash provided (used) by:		
Operating activities	\$ (135,777,390)	\$ (134,114,024)
Noncapital financing activities	139,299,214	132,915,773
Capital and related financing activities	(5,704,828)	(3,851,866)
Investment activities	995,180	1,571,645
Net Decrease in Cash	(1,187,824)	(3,478,472)
Cash - Beginning of the Fiscal Year	80,808,163	84,286,635
Cash - End of the Fiscal Year	\$ 79,620,339	\$ 80,808,163

FUTURE ECONOMIC OUTLOOK

Since the start of the COVID-19 recession, there was growing concern that the state's cash position would weaken significantly. In fact, earlier in spring 2020, the Department of Finance reported that by the end of the 2019–20 fiscal year, the state's nearly \$40 billion cash cushion would dwindle to just \$9 billion by the end of June. The LAO reports, however, that those concerns were not realized as the state was able to maintain a \$37.3 billion cushion. They explain that the grim estimate anticipated that state medical costs would increase substantially as a result of the coronavirus and that the projected revenues would not materialize—neither of which came to fruition.

Beginning Balances for the YCCD budget is \$23.5 million. In addition, conservative budgeting practices provides for a potential increase in the amount of \$3.7 million in fund balances for 2020-21. The district also carries approximately \$7 million in its revocable STRS and PERS trust. The district also plans on conservative budgeting practices for the 2021-22 budget year by underestimating revenue by 2% and implementing budget efficiencies in the amount of \$1.5 million. The purpose of conservative budgeting is to place the district in a favorable position in anticipation of any economic short fall in future years.

CALSTRS and CALPERS Rate Increases

Both CalSTRS and CalPERS identified funding gaps in the 2013-2014 fiscal year. Community College Districts received a directive from CALSTRS identifying the CalSTRS funding gap and notifying community college districts that through gradual shared contribution rate increases over 32 years by Cal STRS members, employees, and the State of California, that CalSTRS will be fully funded.

YOSEMITE COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 48,185,086
Receivables, net	17,362,746
Inventory	671,334
Prepaid expenses	<u>615,108</u>
Total current assets	<u>66,834,274</u>
Noncurrent assets:	
Restricted cash and cash equivalents	31,435,253
Investments	102,625
Loans to students	106,092
Nondepreciable capital assets	27,771,054
Depreciable capital assets, net	<u>367,730,685</u>
Total noncurrent assets	<u>427,145,709</u>
Total assets	<u>493,979,983</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources - pensions	33,621,436
Deferred outflow of resources - OPEB	2,229,624
Deferred loss on debt refunding	<u>10,640,500</u>
Total deferred outflows of resources	<u>46,491,560</u>
Total assets and deferred outflows of resources	<u>\$ 540,471,543</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 3,100,352
Unearned revenue	23,639,713
Accrued salaries and benefits payable	6,808,885
Other accrued liabilities	4,052,346
Amounts held in trust for others	581,521
Long-term liabilities, current portion	<u>14,300,551</u>
Total current liabilities	52,483,368
Noncurrent liabilities:	
Long-term liabilities, net of current portion	<u>508,185,412</u>
Total liabilities	<u>560,668,780</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions	8,353,000
Deferred inflows of resources - OPEB	<u>319,391</u>
Total deferred inflows of resources	<u>8,672,391</u>

NET POSITION

Net investment in capital assets	123,934,071
Restricted for debt service	16,906,739
Restricted for capital projects	7,436,976
Unrestricted	<u>(177,147,414)</u>
Total net position	<u>(28,869,628)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 540,471,543</u>

See accompanying notes to the basic financial statements.

YOSEMITE COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2020

Operating revenues:	
Tuition and fees	\$ 21,023,854
Less: scholarship discounts and allowances	<u>(12,860,611)</u>
Net tuition and fees	<u>8,163,243</u>
Grants and contracts, non-capital:	
Federal	11,536,975
State	40,267,381
Local	2,834,903
Other operating receipts	1,939,951
Auxiliary enterprise sales and charges	<u>3,981,135</u>
Total operating revenues	<u>68,723,588</u>
Operating expenses:	
Salaries	89,813,388
Employee benefits	57,437,300
Supplies, materials, and other operating expenses	18,656,274
Equipment, maintenance and repairs	2,092,164
Utilities	3,241,173
Depreciation	17,531,994
Payments to students	<u>41,933,355</u>
Total operating expenses	<u>230,705,648</u>
Loss from operations	<u>(161,982,060)</u>
Non-operating revenues (expenses):	
State apportionments	56,563,291
Local property taxes, non-capital	49,640,568
State taxes and other revenues	4,559,492
Pell grants	31,305,986
Interest income, non-capital	968,651
Interest income, capital	342,309
Interest expense on capital asset related debt	(21,082,975)
Loss on disposal of assets	(22,377)
Other non-operating revenues	<u>882,664</u>
Total non-operating revenues	<u>123,157,609</u>
Loss before capital contributions	(38,824,451)
Capital contributions:	
Local property taxes and revenues, capital	<u>17,992,050</u>
Change in net position	(20,832,401)
Net position, beginning of year	<u>(8,037,227)</u>
Net position, June 30, 2020	<u><u>\$ (28,869,628)</u></u>

See accompanying notes to the basic financial statements.

YOSEMITE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Tuition and fees	\$ 7,387,240
Federal, state and local grants and contracts	54,348,665
Payments to suppliers	(25,009,418)
Payments to / on behalf of employees	(136,525,230)
Payments to / on behalf of students	(41,899,733)
Auxiliary enterprises sales and charges	3,981,135
Other operating revenues	<u>1,939,951</u>
Net cash used in operating activities	<u>(135,777,390)</u>
Cash flows from noncapital financing activities:	
State apportionment and receipts	54,189,192
Property taxes	49,640,568
State taxes and other revenues	4,559,492
Pell grants	31,305,986
Due to others	30,150
Other receipts (payments)	<u>(426,174)</u>
Net cash provided by noncapital financing activities	<u>139,299,214</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(6,684,175)
Principal paid on capital debt	(6,790,151)
Interest paid on capital debt	(10,564,861)
Interest and dividends from capital investments	342,309
Local property taxes and other revenues for capital	<u>17,992,050</u>
Net cash used in capital and related financing activities	<u>(5,704,828)</u>
Cash flows from investing activities:	
Interest received	991,058
Sale of investments	<u>4,122</u>
Net cash provided by investing activities	<u>995,180</u>
Net change in cash and cash equivalents	(1,187,824)
Cash and cash equivalents, beginning of year	<u>80,808,163</u>
Cash and cash equivalents, end of year	<u><u>\$ 79,620,339</u></u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

Reconciliation of loss from operations to net cash used in operating activities:

Loss from operations	\$ (161,982,060)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	17,531,994
Changes in assets and liabilities:	
Receivables, net	(2,570,163)
Inventory	137,706
Prepaid expenses	(87,384)
Loans to students	29,372
Deferred outflows of resources - pensions	3,711,317
Deferred outflows of resources - OPEB	(588,646)
Accounts payable	(1,572,461)
Unearned revenue	2,037,261
Accrued salaries and benefits payable	127,106
Other accrued liabilities	(27,113)
Compensated absences	522,417
Net pension liability	5,712,000
Net OPEB Liability	1,001,219
Deferred inflows of resources - OPEB	(45,955)
Deferred inflows of resources - pensions	<u>286,000</u>
Net cash used in operating activities	<u>\$ (135,777,390)</u>

Supplementary disclosure of non-cash transactions:

Amortization of premiums on debt	\$ 852,539
Amortization of deferred loss on refunding	\$ 1,654,860
Accretion of interest	\$ 8,851,830

See accompanying notes to the basic financial statements.

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Reporting Entity: Yosemite Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District has no component units for the year ended June 30, 2020.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. 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 the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Restricted Cash and Cash Equivalents: Cash that is externally restricted for contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other noncurrent assets is classified as a noncurrent asset in the statement of net position.

Investments: Investments are reported at fair value. The District is restricted by state law and the Board's investment policy in the types of investments that can be made. Permissible investments include the county treasury, the state Local Agency Investment Fund (LAIF), federally insured deposits, and individual securities. The District's investment policy further limits its investments to U.S. government and government agency instruments, negotiable certificates of deposits, and corporate notes and bonds. The weighted average maturity of funds invested in the county treasury must be three years or less. The District's investment policy established safety of principal as the primary investment objective. The District's investment strategy is to realize a reasonable interest yield, and investment decisions are executed with the intent that they will be held to maturity.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables: Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the state of California. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts they may not receive. The allowance is based on management's estimates and historical analysis and was \$386,297 at June 30, 2020.

Inventory: Inventory consists of stores supplies, cafeteria food, and textbooks. Except for bookstore inventories, which are valued using the retail method, inventories are stated at the lower of cost (first-in, first-out method) or market.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or acquisition value at the date of donation. 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 50 years for buildings, 30 years for building improvements or additions, 10 years for land improvements, 8 years for equipment, 7 years for library books, and 3 years for technology equipment. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

Unearned Revenue: Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until 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 absences costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable.

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Public Agencies Post-Employment Benefits Trust (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. There is a separately issued report of the Trust.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. The District has recognized a deferred outflow of resources relate to recognition of the net pension liability and the Net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and the Net OPEB liability reported which is in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 17,273,139</u>	<u>\$ 16,348,297</u>	<u>\$ 33,621,436</u>
Deferred inflows of resources	<u>\$ 7,273,000</u>	<u>\$ 1,080,000</u>	<u>\$ 8,353,000</u>
Net pension liability	<u>\$ 62,107,000</u>	<u>\$ 73,363,000</u>	<u>\$ 135,470,000</u>
Pension expense	<u>\$ 13,664,130</u>	<u>\$ 16,208,462</u>	<u>\$ 29,872,592</u>

Net Position: The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets and deferred outflows of resources. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist 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 either be expended or added to principal. At June 30, 2020, there is no balance of nonexpendable restricted net position.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

On-Behalf Payments: GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Employees' Retirement System on behalf of all Community Colleges in California. The government-wide conversion entries relating to the pension reporting requirements of GASB Statement No. 68 rely on LEAs having recognized the state's on-behalf pension contribution in their funds. Prior to the issuance of GASB Statement No. 68, the district recorded this entry at the consolidation entry level for GASB Statement No. 35 business-type activity reporting.

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: 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, (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Risk Management: The District retains risk for property damage on the first \$5,000 of each claim. The District retains risk on the first \$1,500 of each auto physical damage claim. The District retains no risk for general and auto liability and for workers' compensation claims, and coverage is provided by pooled insurance as a member.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain liability coverage in excess of \$1,000,000 and up to \$25,000,000 is provided by pooled insurance as a member of a joint powers authority of California community colleges and school districts. Property damage in excess of \$5,000 and up to \$100,000,000 is provided by pooled insurance as a member of a joint powers authority. There have been no significant reductions in insurance coverage from coverage in the prior year.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

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, respectfully. Unsecured property taxes are payable in one installment on or before August 31.

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 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. Any prior year corrections due to a recalculation will be recorded in the year completed by the State. When known and measurable, these recalculations and corrections are accrued in the year in which FTES are generated.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash and cash equivalents at June 30, 2020:

Cash in county treasury	\$ 63,051,494
Cash in banks	7,490,259
Cash with fiscal agent	7,191,758
Cash on hand	49,984
Revolving Cash	75,000
Certificates of deposit	935,225
Money market mutual funds	<u>826,619</u>
 Total cash and cash equivalents	 79,620,339
 Less: Restricted cash and cash equivalents	 <u>31,435,253</u>
 Net cash and cash equivalents	 <u><u>\$ 48,185,086</u></u>

The following is a summary of investments at June 30, 2020:

Equity securities	<u>102,625</u>
 Total investments	 <u><u>\$ 102,625</u></u>

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2020.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held for future pension costs in a trust administered by the Public Agency Retirement Services ("PARS"). At June 30, 2020, the funds are held with a bank in a money market account and recorded at cost.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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 does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's cash in banks was \$7,565,259 and the bank balance was \$8,766,150. The bank balance amount insured was \$500,000.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions that is not insured is collateralized.

Credit Risk – Investments: 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 has no investment policy that would further limit its investment choices.

	Fair Value	S&P's Rating as of Year End						Unrated
		AAA	AA+	AA	AA-	A	A-	
Equity securities	102,625	-	-	-	-	-	-	102,625
Total	\$ 102,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,625

Concentration of Credit Risk – Investments: The portion of investment in each of the permissible investment categories is restricted as defined in the California Government Code, Sections 53601 and 53635. The District had no investment greater than 5% of the total investments.

Interest Rate Risk – Investments: California Government Code, Section 53601, limits the District's investments to maturities of five years. District investments generally have a maturity of less than five years. However, investments for amounts held in trust for others may have longer maturities due to specific donor requirements. This is allowed according to the District Board Policy 3320. As of June 30, 2020, the investments of the District consisted of equity mutual funds and therefore do not have maturity schedules.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments: The following methods and assumptions were used by the District to estimate the fair value of its financial instruments at June 30, 2020.

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Recorded at Fair Value: The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity mutual funds	<u>102,625</u>	<u>102,625</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 102,625</u>	<u>\$ 102,625</u>	<u>\$ -</u>	<u>\$ -</u>

Equity stocks and mutual funds, valued at closing prices from securities exchanges are classified as Level 1 investments. Fixed income securities, such as corporate bonds and treasury notes, are valued using various methods including pricing models and are classified as Level 2 investments.

During the year ended June 30, 2020, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2020.

As of June 30, 2020, the carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value because of the relatively short maturities of these financial instruments.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 - RECEIVABLES

Receivables net of allowance for uncollectible accounts consisted of the following at June 30, 2020:

State grants and contracts	\$ 3,302,343
Federal grants and contracts	5,503,775
Local grants and contracts	450,491
Enrollment	3,364,680
Other	<u>4,741,457</u>
Total	<u>\$ 17,362,746</u>

The allowance for doubtful accounts of \$386,297 is maintained at an amount that management considers sufficient to fully reserve and provide for possible uncollectibility of student fees receivable.

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions and Transfers</u>	Balance June 30, <u>2020</u>
Non-depreciable:				
Construction in progress	\$ 7,718,457	\$ 5,170,542	\$ (1,123,987)	\$ 11,765,012
Land	16,006,042	-	-	16,006,042
Depreciable:				
Site improvements	71,844,003	-	-	71,844,003
Buildings and improvements	380,481,970	-	1,123,987	381,605,957
Equipment	<u>44,552,816</u>	<u>1,513,633</u>	<u>(808,766)</u>	<u>45,257,683</u>
Total	<u>520,603,288</u>	<u>6,684,175</u>	<u>(808,766)</u>	<u>526,478,697</u>
Less accumulated depreciation:				
Site improvements	11,840,594	3,219,757	-	15,060,351
Buildings and improvements	72,349,149	9,342,036	-	81,691,185
Equipment	<u>30,041,610</u>	<u>4,970,201</u>	<u>(786,389)</u>	<u>34,225,422</u>
Total	<u>114,231,353</u>	<u>17,531,994</u>	<u>(786,389)</u>	<u>130,976,958</u>
Capital assets, net	<u>\$406,371,935</u>	<u>\$ (10,847,819)</u>	<u>\$ (22,377)</u>	<u>\$395,501,739</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - UNEARNED REVENUE

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

State grants and contracts	\$ 15,100,285
Local sources	4,352,490
Student fees	3,656,507
Federal grants and contracts	<u>530,431</u>
Total	<u><u>\$ 23,639,713</u></u>

NOTE 8 - LONG TERM LIABILITIES

On March 19, 2008, the District issued \$150,000,000 of 2004 General Obligation Bonds Series 2008C bonds to finance the repair, construction, equipping and acquisition of certain District property and facilities and to pay the costs of bond issuance. Capital Appreciation Bonds of \$40,000,000, mature August 1, 2016 through August 1, 2025 with interest accruing at 6.05%, compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$372,127 and \$20,691,011 at June 30, 2020, respectively.

The following is a schedule of future payments for the Series 2008C General Obligation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,088,688	\$ 5,500,000	\$ 8,588,688
2022	3,203,687	5,500,000	8,703,687
2023	3,309,895	5,500,000	8,809,895
2024	3,409,180	5,500,000	8,909,180
2025	3,497,187	5,500,000	8,997,187
2026	<u>3,576,121</u>	<u>5,500,000</u>	<u>9,076,121</u>
Totals	<u><u>\$ 20,084,758</u></u>	<u><u>\$ 33,000,000</u></u>	<u><u>\$ 53,084,758</u></u>

On May 12, 2010, the District issued \$81,728,980 of 2004 General Obligation Bonds Series 2010D bonds to finance the repair, construction, equipping and acquisition of certain District property and facilities and to pay the costs of bond issuance. Current interest bonds of \$3,950,000 bear interest ranging from 2.00% and 5.00% and mature through August 1, 2026. Interest payments are due semiannually on February 1 and August 1 of each year. Capital appreciation bonds of \$20,865,753, mature through August 1, 2040 with interest accruing at 6.05%, compounded semiannually each year and due upon maturity. Convertible capital appreciation bonds of \$56,913,237 mature through August 1, 2042 and accrete interest semiannually at 6.55% until August 1, 2032 when the accreted value bears interest and is payable semiannually on February 1 and August 1 of each year.

Unamortized premiums were \$864,429 and accreted interest on the capital appreciation bonds and convertible capital appreciation bonds were \$68,482,439 at June 30, 2020.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - LONG TERM LIABILITIES (Continued)

The following is a schedule of future payments for the Series 2010D General Obligation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 200,000	\$ 117,333	\$ 317,333
2022	230,000	109,339	339,339
2023	260,000	98,488	358,488
2024	295,000	86,535	381,535
2025	330,000	74,411	404,411
2026-2030	1,670,000	89,158	1,759,158
2031-2035	16,119,768	104,330,448	120,450,216
2036-2040	30,595,482	233,704,078	264,299,560
2041-2043	<u>31,063,740</u>	<u>217,650,854</u>	<u>248,714,594</u>
Totals	<u>\$ 80,763,990</u>	<u>\$ 556,260,644</u>	<u>\$ 637,024,634</u>

On July 24, 2012, the District issued \$59,205,000 of 2012 General Obligation Refunding Bonds. Proceeds were used to refund a portion of the outstanding Series 2005A General Obligation Bonds and to pay the costs of issuing the 2012 Refunding Bonds. The 2012 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2012 Refunding Bonds mature through August 1, 2029 and bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on August 1 and February 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

Unamortized premiums on the 2012 Refunding Bonds were \$3,672,112 at June 30, 2020.

The following is a schedule of the future payments for the 2012 Refunding Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,350,000	\$ 1,733,950	\$ 5,083,950
2022	3,645,000	1,578,302	5,223,302
2023	3,990,000	1,411,881	5,401,881
2024	4,310,000	1,268,975	5,578,975
2025	4,615,000	1,092,227	5,707,227
2026-2030	<u>25,345,000</u>	<u>2,196,894</u>	<u>27,541,894</u>
Totals	<u>\$ 45,255,000</u>	<u>\$ 9,282,229</u>	<u>\$ 54,537,229</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - LONG TERM LIABILITIES (Continued)

On July 28, 2015, the District issued \$120,205,000 of 2015 General Obligation Refunding Bonds. Proceeds were used to refund the outstanding Series 2005A General Obligation Bonds, advance refund a portion of the Series 2008C General Obligation Bonds, and to pay the costs of issuing the 2015 Refunding Bonds. The 2015 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2015 Refunding Bonds mature through August 1, 2032 and bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on August 1 and February 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

Unamortized premiums on the 2015 Refunding Bonds were \$18,165,245 at June 30, 2020.

The following is a schedule of the future payments for the 2015 Refunding Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 630,000	\$ 5,712,160	\$ 6,342,160
2022	690,000	5,679,400	6,369,400
2023	755,000	5,643,535	6,398,535
2024	820,000	5,604,431	6,424,431
2025	895,000	5,561,848	6,456,848
2026-2030	59,165,000	22,744,752	81,909,752
2031-2033	<u>54,325,000</u>	<u>4,535,938</u>	<u>58,860,938</u>
Totals	<u>\$ 117,280,000</u>	<u>\$ 55,482,064</u>	<u>\$ 172,762,064</u>

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2020 as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2019</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded and Matured</u>	<u>Balance June 30, 2020</u>
2008C	6.05%	2026	\$ 23,039,909	\$ -	\$ 2,955,151	\$ 20,084,758
2010D	2.00-6.55%	2043	80,953,990	-	190,000	80,763,990
2012 Refunding	2.00-5.00%	2030	48,325,000	-	3,070,000	45,255,000
2015 Refunding	2.00-5.00%	2033	<u>117,855,000</u>	<u>-</u>	<u>575,000</u>	<u>117,280,000</u>
			<u>\$ 270,173,899</u>	<u>\$ -</u>	<u>\$ 6,790,151</u>	<u>\$ 263,383,748</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - LONG TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 7,268,688	\$ 13,063,443	\$ 20,332,131
2022	7,768,687	12,867,041	20,635,728
2023	8,314,895	12,653,905	20,968,800
2024	8,834,180	12,459,941	21,294,121
2025	9,337,187	12,228,486	21,565,673
2026-2030	89,756,121	30,530,804	120,286,925
2031-2035	70,444,767	108,866,386	179,311,153
2036-2040	30,595,482	233,704,078	264,299,560
2041-2044	<u>31,063,740</u>	<u>217,650,854</u>	<u>248,714,594</u>
	<u>\$263,383,747</u>	<u>\$654,024,938</u>	<u>\$917,408,685</u>

The long-term liabilities activity for the year ended June 30, 2020, is as follows:

	<u>Beginning, Balance</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>Debt</u>					
General obligation bonds	\$ 270,173,899	\$ -	\$ 6,790,151	\$ 263,383,748	\$ 7,268,688
Unamortized bond premiums	23,926,452	-	852,539	23,073,913	839,029
Accreted interest	80,321,620	11,701,679	2,849,849	89,173,450	3,351,311
<u>Other Long-Term Liabilities</u>					
Net pension liability	129,758,000	5,712,000	-	135,470,000	-
Net OPEB liability	7,542,110	1,001,219	-	8,543,329	-
Compensated absences	<u>2,319,106</u>	<u>522,417</u>	<u>-</u>	<u>2,841,523</u>	<u>2,841,523</u>
Total	<u>\$ 514,041,187</u>	<u>\$ 18,937,315</u>	<u>\$ 10,492,539</u>	<u>\$ 522,485,963</u>	<u>\$ 14,300,551</u>

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Pursuant to AB 1469, employer contributions increased from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	17.10% ⁽¹⁾
July 01, 2020	8.25%	10.85%	16.51% ⁽¹⁾
July 01, 2021 to June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$7,255,139 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year for fiscal year 2019-20.

As a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase for 1990 Benefit Structure</u>	<u>SBMA Funding</u> ⁽¹⁾	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽²⁾
July 01, 2020	2.017%	5.811% ⁽³⁾	2.50%	10.328% ⁽²⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	(5)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.

(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 62,107,000
State's proportionate share of the net pension liability associated with the District	<u>33,883,000</u>
Total	<u><u>\$ 95,990,000</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2019, the District's proportion was 0.069 percent, which was an increase of 0.001 percent in the proportion measured as of June 30, 2018.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$13,664,130 and revenue of \$10,405,678 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 157,000	\$ 1,750,000
Changes of assumptions	7,855,000	-
Net differences between projected and actual earnings on investments	-	2,392,000
Changes in proportion and differences between District contributions and proportionate share of contributions	2,006,000	3,131,000
Contributions made subsequent to measurement date	<u>7,255,139</u>	<u>-</u>
Total	<u>\$ 17,273,139</u>	<u>\$ 7,273,000</u>

\$7,255,139 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 665,783
2022	\$ (994,217)
2023	\$ 694,283
2024	\$ 2,357,283
2025	\$ 107,033
2026	\$ (85,167)

Differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the 2019-2020 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 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.

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 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 92,482,000</u>	<u>\$ 62,107,000</u>	<u>\$ 36,920,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when district’s first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020 were as follows:

Members – The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers – The employer contribution rate was 19.72 percent of applicable member earnings.

The District contributed \$7,216,297 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$73,363,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2019, the District’s proportion was 0.25 percent, which was the same proportion percentage measured as of June 30, 2018.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$16,208,462. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,329,000	\$ -
Changes of assumptions	3,492,000	-
Net differences between projected and actual earnings on investments	-	680,000
Changes in proportion and differences between District contributions and proportionate share of contributions	311,000	400,000
Contributions made subsequent to measurement date	<u>7,216,297</u>	<u>-</u>
Total	<u>\$ 16,348,297</u>	<u>\$ 1,080,000</u>

\$7,216,297 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 6,107,750
2022	\$ 1,111,750
2023	\$ 639,750
2024	\$ 192,750

Differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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

Valuation Date	June 30, 2018
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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.

<u>Asset Class</u>	<u>Long -Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years of 1 - 10 ⁽¹⁾</u>	<u>Expected Real Rate of Return Years of 11+ ⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation of Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

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.

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$105,748,000</u>	<u>\$ 73,363,000</u>	<u>\$ 46,498,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The District provides post-employment healthcare benefits (OPEB) through the Public Agencies Post-Employment Benefits Trust (the "Trust") for certain groups of employees who retire from the District. During the year ended June 30, 2006 the District signed an irrevocable trust agreement. The District appointed a Board of Authority with authority to make decisions on behalf of the District with respect to the Trust. Public Agency Retirement Services (PARS) was appointed as the trust administrator, U.S. Bank the trustee. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Trustees. The District's contributions to the irrevocable trust is included in the Trust, which is included in the Public Agencies Post-Employment Benefits Trust financial statements. Copies of the Public Agencies Post-Employment Benefits Trust independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Ave – Newport Beach, CA 92660.

Benefits Provided: The District provides postemployment health care benefits to employees who retire from the District based on the rule of 70. The rule of 70 is any combination of the retiree's minimum age of 50 and years of regular District service equal to 70 or more. The District covers the retiree and all eligible dependents until the employee reaches age 65. Employees hired prior to July 1, 2004, receive District paid healthcare benefits to the retiree's age of 70. Benefits are provided by the District on a pay-as-you-go basis. The Plan pays benefits through an agent multiple-employer OPEB plan that is administered by the Public Agency Retirement Services ("PARS")."

Employees covered by benefit term. The following is a table of plan participants at June 30, 2020 (measurement date):

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	191
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>706</u>
	<u><u>897</u></u>

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB liability over a period not to exceed 30 years. Contributions to the Trust from the District were \$1,021,104 for the year ended June 30, 2020.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
US Large Cap	40%	7.79%
US Mid Cap	20%	7.79%
Long-Term Corporate Bonds	20%	5.29%
Long-Term Government Bonds	15%	4.5%
Intermediate-Term Government Bonds	5%	4.5%

* Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 16 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 16 years.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Census data	The census was provided by the District as of June 30, 2019
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return / discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2019	<u>\$ 41,055,625</u>	<u>\$ 33,513,515</u>	<u>\$ 7,542,110</u>
Changes for the year:			
Service cost	1,422,274	-	1,422,274
Interest	2,419,325	-	2,419,325
Employer contributions	-	1,021,104	(1,021,104)
Employee contributions	-	841,236	(841,236)
Expected investment income	-	1,969,651	(1,969,651)
Investment gain/loss	-	(646,584)	646,584
Experience gain/loss	344,970	-	344,970
Changes in assumptions	-	-	-
Administrative expense	-	-	-
Benefit payments	(3,234,326)	(3,234,326)	-
Other	-	(57)	57
	<u>952,243</u>	<u>(48,976)</u>	<u>1,001,219</u>
Net change			
Balance, June 30, 2020	<u>\$ 42,007,868</u>	<u>\$ 33,464,539</u>	<u>\$ 8,543,329</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2020: 80%

Sensitivity of the net OPEB liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0 percent):

	Discount Rate 1% Lower (5.0%)	Valuation Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability	<u>\$ 11,515,278</u>	<u>\$ 8,543,329</u>	<u>\$ 5,866,705</u>

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

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	<u>\$ 5,472,021</u>	<u>\$ 8,543,329</u>	<u>\$ 11,864,356</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$366,618. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 310,814	\$ 319,391
Changes of assumptions	1,101,213	-
Net differences between projected and actual earnings on investments	817,597	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 2,229,624</u>	<u>\$ 319,391</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2021	\$ 356,951
2022	\$ 356,951
2023	\$ 346,838
2024	\$ 253,469
2025	\$ 124,153
Thereafter	\$ 471,871

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 10.1 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements.

Construction Commitments: As of June 30, 2020, the District has approximately \$3.4 million in outstanding commitments on construction contracts.

Operating Leases: The District entered into various operating leases with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation upon written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments are as follows:

Year Ending June 30,	
2021	\$ 52,248
2022	51,265
2023	42,619
2024	10,350
2025	<u>869</u>
	<u>\$ 157,351</u>

Rent expenses were \$61,206 for the year ended June 30, 2020.

NOTE 13 - JOINT POWER AGREEMENTS

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): Valley Insurance Program (VIP) and Self-Insured Schools of California (SISC III). 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 member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

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 JPA's. Separately issued financial statements can be requested from each JPA.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 - JOINT POWER AGREEMENTS (Continued)

The District is also a member of the JPA, Tuolumne Public Power Agency (TPPA), whose members operate for the public benefit within Tuolumne County. TPPA supplies members electrical power at a rate below the current market rate. TPPA is not a component unit of the District for financial reporting purposes.

Condensed financial information of the JPAs for the most recent year available is as follows:

	VIP <u>June 30, 2019</u>	SISCI <u>September 30, 2019</u>	TPPA <u>June 30, 2019</u>
Total assets	\$ 20,198,484	\$ 744,080,723	\$ 2,236,938
Total liabilities	\$ 3,715,953	\$ 217,105,846	\$ 175,070
Net position	\$ 16,482,531	\$ 526,974,877	\$ 2,061,868
Total revenues	\$ 7,548,777	\$ 2,493,302,675	\$ 1,976,870
Total expenses	\$ 7,103,453	\$ 2,411,333,172	\$ 1,711,734
Change in net position	\$ 445,324	\$ 81,969,503	\$ 265,136

NOTE 14 - COVID-19 IMPACTS

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020 the Governor of California issues Executive Order N-26 - 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be materially adversely affected in the future including reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be materially adversely impacted by national, state, and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

NOTE 15 - SUBSEQUENT EVENTS

General Obligation Bonds: In November 2020, the District issued \$2,485,000 and \$37,170,000, of 2020 General Obligation Refunding Bonds, Series A (Federally Tax-Exempt) and Series B (Federally Taxable); with interest rates of 4.00% and ranging from 0.245% to 2.002%. The Bonds mature through August 2026 and 2029 with interest due semiannually on February 1 and August 1.

REQUIRED SUPPLEMENTARY INFORMATION

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
For the Year Ended June 30, 2020

	Last 10 Fiscal Years			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability:				
Service cost	\$ 948,427	\$ 974,509	\$ 1,001,308	\$ 1,422,274
Interest	2,412,744	2,437,881	2,485,155	2,419,325
Changes in assumptions	-	-	1,373,119	-
Experience gain/loss	-	-	(130,640)	344,970
Benefit payments	<u>(3,415,675)</u>	<u>(2,585,374)</u>	<u>(2,811,625)</u>	<u>(3,234,326)</u>
Net change in total OPEB liability	(54,504)	827,016	1,917,317	952,243
Total OPEB liability, beginning of year	<u>38,365,796</u>	<u>38,311,292</u>	<u>39,138,308</u>	<u>41,055,625</u>
Total OPEB liability, end of year (a)	<u><u>\$ 38,311,292</u></u>	<u><u>\$ 39,138,308</u></u>	<u><u>\$ 41,055,625</u></u>	<u><u>\$ 42,007,868</u></u>
Plan fiduciary net position				
Employer contributions	\$ 2,739,226	\$ 2,047,587	\$ 2,646,856	\$ 1,021,104
Employee contributions	642,153	-	-	841,236
Expected investment income	3,138,462	1,964,128	2,097,572	1,969,651
Investment gain/loss	3,138,462	1,964,128	(466,842)	(646,584)
Experience gain/loss	-	-	(486,892)	-
Administrative expense	(127,405)	(65,229)	(123,453)	-
Benefits payment	(3,415,675)	(2,585,374)	(2,811,625)	(3,234,326)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57)</u>
Change in plan fiduciary net position	2,976,761	1,361,112	855,616	(48,976)
Fiduciary trust net position, beginning of year	<u>28,320,026</u>	<u>31,296,787</u>	<u>32,657,899</u>	<u>33,513,515</u>
Fiduciary trust net position, end of year (b)	<u><u>\$ 31,296,787</u></u>	<u><u>\$ 32,657,899</u></u>	<u><u>\$ 33,513,515</u></u>	<u><u>\$ 33,464,539</u></u>
Net OPEB liability, ending (a) - (b)	<u><u>\$ 7,014,505</u></u>	<u><u>\$ 6,480,409</u></u>	<u><u>\$ 7,542,110</u></u>	<u><u>\$ 8,543,329</u></u>
Covered employee payroll	\$ 58,495,456	\$ 61,615,853	\$ 66,564,858	\$ 67,580,297
Plan fiduciary net position as a percentage of the total OPEB liability	82%	83%	82%	80%
Net OPEB liability as a percentage of covered employee payroll	12%	11%	11%	13%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

State Teacher's Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.076%	0.074%	0.074%	0.066%	0.068%	0.069%
District's proportionate share of the net pension liability	\$ 43,990,000	\$ 49,494,000	\$ 59,824,000	\$ 61,188,000	\$ 62,447,000	\$ 62,107,000
State's proportionate share of the net pension liability associated with the District	<u>26,563,000</u>	<u>26,177,000</u>	<u>34,060,000</u>	<u>36,199,000</u>	<u>35,754,000</u>	<u>33,883,000</u>
Total net pension liability	<u>\$ 70,553,000</u>	<u>\$ 75,671,000</u>	<u>\$ 93,884,000</u>	<u>\$ 97,387,000</u>	<u>\$ 98,201,000</u>	<u>\$ 95,990,000</u>
District's covered payroll	\$ 33,529,000	\$ 34,122,000	\$ 36,863,000	\$ 36,300,000	\$ 36,169,000	\$ 36,962,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	168.56%	172.65%	168.03%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2020

Public Employers Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.260%	0.250%	0.256%	0.249%	0.252%	0.252%
District's proportionate share of the net pension liability	\$ 29,485,000	\$ 36,882,000	\$ 50,638,000	\$ 59,486,000	\$ 67,311,000	\$ 73,363,000
District's covered payroll	\$ 27,265,000	\$ 27,701,000	\$ 30,760,000	\$ 31,575,000	\$ 33,298,000	\$ 34,866,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	188.40%	202.15%	210.41%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2020

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 3,030,075	\$ 3,955,353	\$ 4,566,583	\$ 5,219,159	\$ 6,935,291	\$ 7,255,139
Contributions in relation to the contractually required contribution	<u>(3,030,075)</u>	<u>(3,955,353)</u>	<u>(4,566,583)</u>	<u>(5,338,643)</u>	<u>(6,935,291)</u>	<u>(7,255,139)</u>
District's covered payroll	\$ 34,122,000	\$ 36,863,000	\$ 36,300,000	\$ 36,169,000	\$ 42,600,000	\$ 40,017,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2020

Public Employers Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 3,260,715	\$ 3,644,136	\$ 4,385,133	\$ 5,171,520	\$ 6,355,462	\$ 7,216,297
Contributions in relation to the contractually required contribution	<u>(3,260,715)</u>	<u>(3,644,136)</u>	<u>(4,385,133)</u>	<u>(5,171,520)</u>	<u>(6,355,462)</u>	<u>(7,216,297)</u>
District's covered payroll	\$ 27,701,000	\$ 30,760,000	\$ 31,575,000	\$ 33,298,000	\$ 35,187,000	\$ 36,592,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Net Other Postemployment Benefits (OPEB) Liability and Related Ratios

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

B - Schedule of the District's Proportionate Share of the Net Pension Liability

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

C - Schedule of the District's Contributions (Pensions)

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms (Pensions)

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017 and 2018 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>				
	As of June 30 <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.75%	3.75%

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - OPEB

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Census data	The census was provided by the District as of June 30, 2019
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return / discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees hired before 2013 the 2009 CalPERS retirement rates for school employees were used. For classified employees hired after 2012 the 2009 CalPERS 2%@60 retirement rates for miscellaneous employees adjusted to reflect minimum retirement age of 52 were used

SUPPLEMENTARY INFORMATION

YOSEMITE COMMUNITY COLLEGE DISTRICT
ORGANIZATION
June 30, 2020
(UNAUDITED)

The District, a political subdivision of the State of California, was established in July 1, 1964, and commenced operations on July 1, 1965. Its territories encompass portions of Calaveras, Merced, Santa Clara, Stanislaus, San Joaquin and Tuolumne counties. There were no changes in boundaries during the fiscal year.

The District provides higher education instruction for the first and second years of college education and vocations training at Modesto Junior College and Columbia College.

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Antonio Aguilar	Member	2020
Leslie Beggs	Member	2020
Margie Bulkin	Vice Chair	2022
Anne DeMartini	Member	2022
Darin Gharat	Member	2020
Nancy Hinton	Member	2022
Abe Rojas	Chair	2020

ADMINISTRATION

Mr. Henry C.V. Yong, Ed.S.
Chancellor

Dr. Susan C. Yeager
Vice Chancellor, Fiscal Services

G.H. Javaheripour
Vice Chancellor, Educational Services

Dr. James Houpis
President, Modesto Junior College

Dr. Santanu Bandyopadhyay
President, Columbia College

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Grant Number	Federal Expend- itures
<u>U.S. Department of Education</u>			
<i>Direct Programs:</i>			
Student Financial Aid Cluster:			
College Work Study Program	84.033	-	\$ 966,108
Pell Grant Program	84.063	-	31,305,986
Federal Supplemental Education Opportunity Grant	84.007	-	787,477
Federal Direct Student Loans	84.268	-	96,384
<i>Passed through California Department of Education:</i>			
Nursing Student Loans	93.364	-	<u>4,522</u>
Subtotal Student Financial Aid Cluster			<u>33,160,477</u>
<i>Direct Programs:</i>			
TRIO Cluster:			
Talent Search	84.044	-	377,664
Upward Bound	84.047	-	521,660
Student Support Services	84.042	-	559,764
Mother Lode Educational Opportunity Center	84.066A		<u>252,588</u>
Subtotal TRIO Cluster			<u>1,711,676</u>
Higher Education - Institutional Aid Program:			
Higher Education - Instructional Aid, Strengthening Student Success	84.031S	-	468,931
Improving Institutional Effectiveness and Student Retention	84.031A		<u>437,683</u>
Subtotal Higher Education - Institutional Aid Program			<u>906,614</u>
COVID-19 HEERF Student Portion	84.425E	-	1,402,750
COVID-19 HEERF Institutional Portion	84.425F	-	948,014
COVID-19 HEERF Minority Serving Institutions	84.425L	-	<u>309,349</u>
Subtotal Higher Education Emergency Relief Fund			<u>2,660,113</u>
<i>Passed Through California Department of Education:</i>			
Career and Technical Education Program:			
Tech Prep	84.048	19-CO1-70 x8110, 19-112-070 x8080	924,919
Leadership	84.048	19-171-001	<u>43,522</u>
Subtotal Career and Technical Education Program:			<u>968,441</u>
Total U.S. Department of Education			<u>39,407,321</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grant Number</u>	<u>Federal Expend- itures</u>
<u>Department of Veteran Affairs</u>			
Direct Program:			
Post- Vietnam Era Veterans' Educational Assistance	64.120	-	\$ <u>2,639</u>
<u>U.S. Department Agriculture</u>			
<i>Passed through California Department of Education:</i>			
Child and Adult Care Food Program	10.558	04226-CACFP-50-CC-C5	36,528
FRUVED-University of Tennessee/USDA/NIFA	10.U01	2014-67001-2185	106
Forest Reserve	10.665		<u>10,999</u>
Total U.S. Department of Agriculture			<u>47,633</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant - CCDF Cluster	93.575	CN19011	<u>3,093,914</u>
Foster Care	96.658	FKCE	<u>49,436</u>
CDTC Translation CAP 8 Course	93.434		<u>55,496</u>
<i>Passed through California Community College Chancellor's Office:</i>			
Temporary Assistance for Needy Families - TANF Cluster	93.558	-	<u>156,239</u>
Medicaid Cluster			
Medical Assistance Program (Medi-Cal)	93.778	-	<u>30,284</u>
Total U.S. Department of Health and Human Services			<u>3,385,369</u>
Total Federal Programs			<u>\$ 42,842,962</u>

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2020

	<u>Program Revenues</u>				<u>Total Program Expenditures</u>
	<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue/ Accounts Payable</u>	<u>Total</u>	
Adult Education and AEGB Consortium	\$ 5,315,979	\$ -	\$ 97,225	\$ 5,218,754	\$ 5,218,754
Apprenticeship	47,472	-	36,292	11,180	11,181
Board Financial Assistance Program	837,774	-	-	837,774	837,774
Cal Grants	4,188,937	77,037	48,903	4,217,071	4,217,071
Cal WORKS	941,767	-	187,401	754,366	754,367
California Apprenticeship Initiative	(122,615)	756,134	-	633,519	633,519
California College Promise	1,670,902	4,968	1,017,345	658,525	658,525
Campus Safety	15,751	-	1,549	14,202	14,202
CAPP Guided Pathways	56,662	-	8,315	48,347	48,347
CCCCCO Veterans Resource Center	168,639	-	107,635	61,004	61,004
CCO EEO Registry	278,399	71,601	-	350,000	350,000
CCPT - Ag and Logistic Career Path	140	-	-	140	140
CDTC First 5 California	285,507	259,580	103,910	441,177	441,177
CA Education Learning Lab	-	48,344	-	48,344	48,334
Center of Excellence	273,018	50,000	55,291	267,727	267,727
Child Care Food	36,528	-	-	36,528	36,528
Child Development/Toddler	615,609	-	-	615,609	615,609
CNA Training	44,707	-	22,834	21,873	21,872
College Specific Allocations	1,000,000	-	683,286	316,714	316,714
Cooperative Agencies Resources for Education	272,180	-	8,705	263,475	263,475
College Homeless and Housing Insecure	700,000	-	523,600	176,400	176,400
CTE - Pathways Initiative	248,215	-	40,599	207,616	207,616
CVC Online Educational Initiative	44,908	158,379	-	203,287	203,287
Disabled Student Program and Services	1,818,793	135,003	-	1,953,796	1,953,796
Dreamer Emergency Aid	298	-	-	298	298
Economically Distressed	897,350	-	868,867	28,483	28,482
Ed Futures	6,080	-	-	6,080	6,080
Ed Planning Initiatives	69,770	-	-	69,770	69,770

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2020

	<u>Program Revenues</u>				<u>Total Program Expenditures</u>
	<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue/ Accounts Payable</u>	<u>Total</u>	
ED - IDRC	\$ 11,128	\$ -	\$ 5,328	\$ 5,800	\$ 5,800
Enrollment Growth Nursing	259,620	-	32,163	227,457	227,457
Extended Opportunity Program and Services	1,988,043	-	14,527	1,973,516	1,973,516
Financial Aid Technology	345,831	-	284,984	60,847	60,847
Foster Care Education	160,165	-	-	160,165	160,165
Full Time Student Success Grant	2,494,996	-	188,870	2,306,126	2,306,126
Guided Pathways	1,093,629	1,868	303,604	791,893	791,893
Hunger Free Campus	212,353	-	49,408	162,945	162,945
Industry Sector Project	31,662	-	17,983	13,679	13,678
Institutional Effectiveness	125,000	-	27,367	97,633	97,633
Instructional Equipment	70,171	-	-	70,171	70,171
Incarcerated Students Reentry	85,005	-	7,748	77,257	77,257
K12 Strong Workforce Program	7,869	30,747	-	38,616	38,616
Lottery	406,520	418,568	-	825,088	825,089
Scheduled Maintenance	331,444	-	6,845	324,599	324,599
Staff Development	10,127	-	10,127	-	-
Staff Diversity	109,878	-	45,745	64,133	64,132
Strong Workforce Program	6,045,172	761,227	3,413,129	3,393,270	3,393,270
Student Equity	4,744	-	-	4,744	4,744
Student Equity and Achievement	9,368,229	-	2,403,665	6,964,564	6,964,563
Umoja	35,000	-	21,413	13,587	13,587

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE
GENERAL APPORTIONMENT ANNUAL ATTENDANCE
Annual Attendance as of June 30, 2020

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	68	-	68
2. Credit	1,751	-	1,751
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	2	-	2
2. Credit	598	-	598
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	8,921	-	8,921
b. Daily Census Contact Hours	514	-	514
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	396	-	396
b. Credit	294	-	294
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	3,152	-	3,152
b. Daily Census Contact Hours	552	-	552
c. Non-credit Independent Study/Distance Education Courses (Part VII.C)	5	-	5
D. Total FTES	<u>16,253</u>	<u>-</u>	<u>16,253</u>
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	342	-	342
b. Credit	334	-	334
<u>CCFS 320 Addendum</u>			
CDCP	-	-	-
Center FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

There were no adjustments proposed to any funds of the District.

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

General fund		\$ 25,164,594
Debt service fund		16,862,839
Special revenue funds		1,196,340
Capital projects funds		11,686,469
Fiduciary funds		<u>9,280,986</u>
Total fund balances - business-type activity funds		64,191,228
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		
Total District capital assets	\$ 395,501,739	
less Proprietary Fund capital assets	<u>(14,617)</u>	395,487,122
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions	\$ 33,621,436	
Deferred outflows of resources relating to OPEB	2,229,624	
Deferred inflows of resources relating to pensions	(8,353,000)	
Deferred inflows of resources relating to OPEB	<u>(319,391)</u>	27,178,669
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		
		(3,881,184)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2020 consisted of:		
General obligation bonds	\$ (263,383,748)	
Unamortized bond premiums	(23,073,913)	
Accreted interest	(89,173,450)	
Net pension liability	(135,470,000)	
Net OPEB liability	(8,543,329)	
Compensated absences	<u>(2,841,523)</u>	<u>(522,485,963)</u>
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		
		<u>10,640,500</u>
Total net position - business-type activities		<u>\$ (28,869,628)</u>

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2020

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 22,704,777	\$ -	\$ 22,704,777	\$ 22,730,433	\$ -	\$ 22,730,433
Other	1300	<u>14,348,244</u>	<u>-</u>	<u>14,348,244</u>	<u>14,569,846</u>	<u>-</u>	<u>14,569,846</u>
Total instructional salaries		<u>37,053,021</u>	<u>-</u>	<u>37,053,021</u>	<u>37,300,279</u>	<u>-</u>	<u>37,300,279</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	4,857,529	-	4,857,529
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,764,496</u>	<u>-</u>	<u>3,764,496</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,622,025</u>	<u>-</u>	<u>8,622,025</u>
Total academic salaries		<u>37,053,021</u>	<u>-</u>	<u>37,053,021</u>	<u>45,922,304</u>	<u>-</u>	<u>45,922,304</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	21,629,996	-	21,629,996
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,742</u>	<u>-</u>	<u>512,742</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>22,142,738</u>	<u>-</u>	<u>22,142,738</u>
Instructional aides:							
Regular status	2200	1,643,801	-	1,643,801	1,681,762	-	1,681,762
Other	2400	<u>107,349</u>	<u>-</u>	<u>107,349</u>	<u>111,684</u>	<u>-</u>	<u>111,684</u>
Total instructional aides		<u>1,751,150</u>	<u>-</u>	<u>1,751,150</u>	<u>1,793,446</u>	<u>-</u>	<u>1,793,446</u>
Total classified salaries		<u>1,751,150</u>	<u>-</u>	<u>1,751,150</u>	<u>23,936,184</u>	<u>-</u>	<u>23,936,184</u>
Employee benefits	3000	16,828,512	-	16,828,512	33,166,227	-	33,166,227
Supplies and materials	4000	-	-	-	1,343,463	-	1,343,463
Other operating expenses	5000	-	-	-	8,675,754	-	8,675,754
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 55,632,683</u>	<u>\$ -</u>	<u>\$ 55,632,683</u>	<u>\$113,043,932</u>	<u>\$ -</u>	<u>\$113,043,932</u>

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION (continued)
For the Year Ended June 30, 2020

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	305,701	-	305,701
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	-	-	-
Objects to exclude:							
Rents and leases	5060	-	-	-	101,046	-	101,046
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	2,407,392	-	2,407,392
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		-	-	-	2,814,139	-	2,814,139
Total for ECS 84362, 50% Law		\$ 55,632,683	\$ -	\$ 55,632,683	\$ 110,229,793	\$ -	\$ 110,229,793
Percent of CEE (instructional salary cost /Total CEE)		50.47 %	-	50.47 %	100.00%	-	100.00%
50% of current expense of education		-	-	-	\$ 55,114,897	-	\$ 55,114,897

See accompanying note to supplementary information.

YOSEMITE COMMUNITY COLLEGE DISTRICT
 PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 For the Year Ended June 30, 2020

EPA Proceeds:		\$ 11,992,158			
	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	
<u>Activity Classification</u>	<u>(0100-5900)</u>	<u>(1000-3000)</u>	<u>(4000-5000)</u>	<u>(6000)</u>	<u>Total</u>
Instructional Activities		<u>\$ 11,992,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,992,158</u>

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Yosemite Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

B - Schedule of State Financial Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited financial statements.

E - Reconciliation of Governmental Funds to the Statement of Net Position

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

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

G - Prop 55 EPA Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Yosemite Community College District
Modesto, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Yosemite Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2020:

- SCFF Data Management Control Environment
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded From Other Sources
- Student Centered Funding Formula Base Allocations: FTES
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Yosemite Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Yosemite Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Yosemite Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion in compliance with state laws and regulations. However, our audit does not provide legal determination of Yosemite Community College District's compliance with those requirements.

(Continued)

Opinion with State Laws and Regulations

In our opinion, Yosemite Community College District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2020.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

The logo for Crowe LLP, featuring the company name in a stylized, cursive script.

Crowe LLP

Sacramento, California
January 25, 2021

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

Board of Trustees
Yosemite Community College District
Modesto, 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 activities Yosemite Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Yosemite Community College District's basic financial statements, and have issued our report thereon dated January 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yosemite Community College District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yosemite Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Yosemite Community College 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Sacramento, California
January 25, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Yosemite Community College District
Modesto, California

Report on Compliance for Each Major Federal Program

We have audited Yosemite Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yosemite Community College District's major federal programs for the year ended June 30, 2020. Yosemite Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Yosemite Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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 and the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
January 25, 2021

FINDINGS AND RECOMMENDATIONS

YOSEMITE COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268 and 93.364	Student Financial Aid Cluster
84.044, 84.042, 84.047 and 84.066A	TRIO Cluster
84.425E, 84.425F and 84.425L	Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,285,289

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Unmodified

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

YOSEMITE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YOSEMITE COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2020

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
No matters were reported.		