

**REDWOODS COMMUNITY COLLEGE DISTRICT
EUREKA, CALIFORNIA**

FINANCIAL STATEMENTS

JUNE 30, 2020

REDWOODS COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Redwoods Community College District
Eureka, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Redwoods Community College District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information on pages 41 to 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 46 to 55 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 46 to 55 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The organization structure 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
January 28, 2021

FINANCIAL SECTION

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

INTRODUCTION

As required by accounting principles generally accepted in the United States, the annual report consists of three basic financial statements that provide information on Redwoods Community College District (the District) as a whole: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The information provided in the management's discussion and analysis is based on the District's basic financial statements and includes all funds except the College of the Redwoods Foundation. Each statement will be discussed separately. Under the business-type activities model of financial reporting, a single entity-wide statement is required to report financial activity for all funds of the District.

During fiscal years 2019-20, 2018-19 and 2017-18, the unrestricted net position or fund balance for the general fund exceeded the California Community Colleges Chancellor's Office (Chancellor's Office) minimum prudent unrestricted fund balance guideline of 5%. By June 30, 2020, the ending fund balance increased to 10.1%.

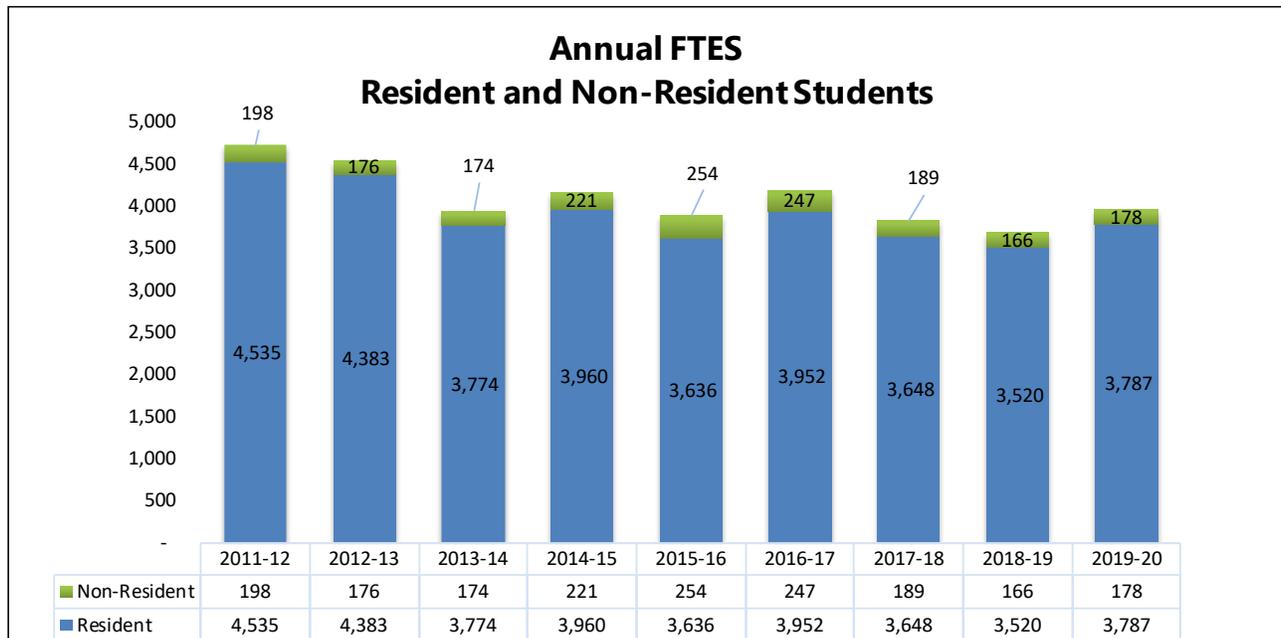
ATTENDANCE HIGHLIGHTS

The District's resident Full-Time Equivalent Students (FTES) for fiscal year 2019-20 stood at 3,768 per the District's recal 320 report. Since fiscal year 2010-11, enrollments have fallen to a cumulative 28% loss of students by fiscal year 2019-20. Non-resident enrollments have increased to 178 in 2019-20. Non-residents represented just under 5% of total enrollments for the District

Credit/Non-Credit Resident and Non-Resident Students						
Academic Year	Resident	Non-Resident	Total	Percent Change		
				Resident	Non-Resident	Total
2010-11	5,220	233	5,453	-5.8%	0.9%	-5.5%
2011-12	4,535	198	4,733	-13.1%	-15.0%	-13.2%
2012-13	4,383	176	4,559	-3.4%	-11.1%	-3.7%
2013-14	3,774	174	3,948	-13.9%	-1.1%	-13.4%
2014-15	3,960	221	4,181	4.9%	27.0%	5.9%
2015-16	3,636	254	3,890	-8.2%	14.9%	-7.0%
2016-17	3,952	247	4,199	8.7%	-2.8%	7.9%
2017-18	3,648	189	3,837	-7.7%	-23.5%	-8.6%
2018-19	3,533	168	3,701	-3.2%	-11.1%	-3.5%
2019-20	3,768	178	3,946	6.7%	6.0%	6.6%

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ATTENDANCE HIGHLIGHTS, continued



STATEMENT OF NET POSITION

The statement of net position includes all assets, deferred outflow of resources, liabilities and deferred inflow of resources 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, deferred outflow of resources, and liabilities and deferred inflows of resources is an indicator of the financial health of a district.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019	Change
Current assets	\$ 22,668,441	\$ 24,391,693	\$ (1,723,252)
Non-current assets	111,644,331	95,635,076	16,009,255
Deferred outflows of resources	11,020,164	10,968,164	52,000
Total Assets and Deferred Outflows of Resources	145,332,936	130,994,933	14,338,003

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities	13,527,479	16,606,654	(3,079,175)
Non-current liabilities	67,601,762	68,131,471	(529,709)
Deferred inflows of resources	2,988,599	3,186,680	(198,081)
Total Liabilities and Deferred Inflows of Resources	84,117,840	87,924,805	(3,806,965)

NET POSITION

Invested in capital assets, net of related debt	84,256,342	66,561,861	17,694,481
Restricted	5,208,003	5,434,411	(226,408)
Unrestricted	(28,249,249)	(28,926,144)	676,895
Total Net Position	\$ 61,215,096	\$ 43,070,128	\$ 18,144,968

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

STATEMENT OF NET POSITION, continued

The \$14.24 million increase in total assets was caused primarily by an increase in non-current assets. The increase in non-current assets was the result of increases to capital assets primarily related to the District's utility infrastructure project.

Total liabilities decreased by \$3.61 million, which is centered in increases to the total OPEB liability and net pension liability, as well as increases in advances from grantors and students. The increase in total liabilities was partially offset by reductions in accounts payable and non-current long-term debt. During the fiscal year ended June 30, 2020, the District issued no new tax and revenue anticipation notes.

During fiscal years 2019-20, 2018-19 and 2017-18, the unrestricted fund balance for the general fund exceeded the California Community Colleges Chancellor's Office (Chancellor's Office) minimum prudent unrestricted fund balance guideline of 5%. By June 30, 2020, the ending fund balance grew to 10.1%.

The District has recorded its actuarially determined annual liability for OPEB according GASB Statement No. 75. Through changes in Board policy and collective bargaining contracts, newly hired employees will not participate in this program. For eligible plan participants, the District funds the current service liability, and may make annual contributions for its prior service liability. The District intends to continue to set funds aside to meet its unfunded accrued liability. The most recent actuarial study of retiree health liabilities was as of June 30, 2020. The unfunded liability is estimated to be approximately \$5.5 million. During fiscal year 2019-20, the District provided \$1.57 million in non-operating revenues and transfers to the employee benefit fund. The fund balance set aside to pay future benefits stood at \$1.3 million at June 30, 2020.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents 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 accounting principles generally accepted in the United States of America.

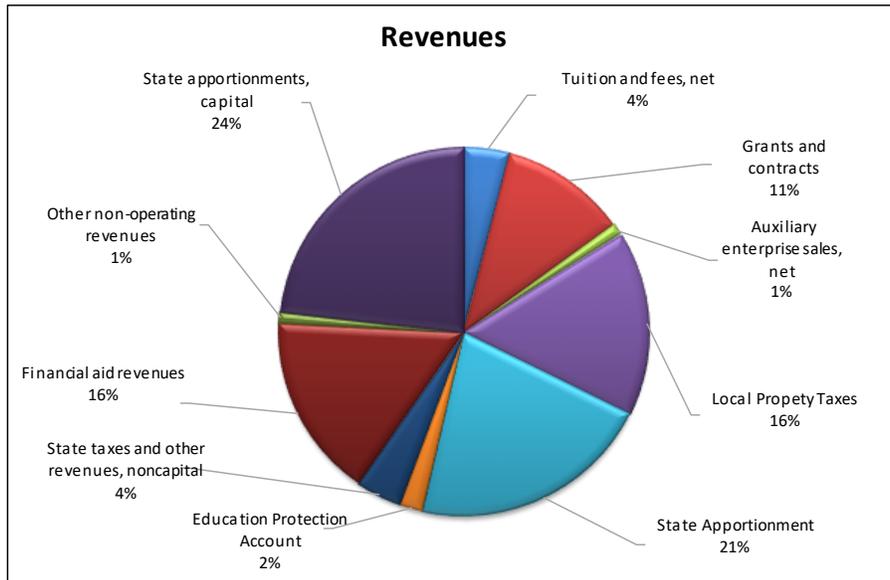
	2020	2019	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 3,155,509	\$ 3,078,462	\$ 77,047
Grants and contracts	9,115,341	9,314,019	(198,678)
Auxiliary enterprise sales, net	1,025,120	643,332	381,788
Total Operating Revenues	13,295,970	13,035,813	260,157
OPERATING EXPENSES			
Salaries and benefits	37,364,917	40,109,096	(2,744,179)
Supplies, materials, and other operating expenses	6,433,978	11,078,896	(4,644,918)
Payments to students	961,169	645,390	315,779
Depreciation	3,461,415	3,649,382	(187,967)
Total Operating Expenses	48,221,479	55,482,764	(7,261,285)
Operating Loss	(34,925,509)	(42,446,951)	7,521,442
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	16,719,399	14,646,248	2,073,151
Education protection account revenues, noncapital	1,818,788	3,396,906	(1,578,118)
Local property taxes, noncapital	9,835,929	9,210,552	625,377
State taxes and other revenues, noncapital	3,371,698	5,652,633	(2,280,935)
Financial aid revenues	13,003,667	10,288,115	2,715,552
Financial aid expenses	(13,003,669)	(10,312,184)	(2,691,485)
Investment income	216,225	165,724	50,501
Interest expense	(978,682)	(828,339)	(150,343)
Transfer from (to) foundation	21,888	17,780	4,108
Other non-operating revenues	572,403	468,820	103,583
Total Non-Operating Revenues (Expenses)	31,577,646	32,706,255	(1,128,609)
OTHER REVENUES (EXPENSES)			
State apportionments, capital	18,504,999	4,061,564	14,443,435
Local property taxes and revenues, capital	2,991,131	3,029,801	(38,670)
Gain (loss) on disposal of asset	(6,047)	(704,311)	698,264
CHANGE IN NET POSITION	18,142,220	(3,353,642)	21,495,862
NET POSITION -- BEGINNING OF YEAR	43,070,128	46,423,770	(3,353,642)
PRIOR PERIOD ADJUSTMENT	2,748	-	2,748
NET POSITION -- END OF YEAR	\$ 61,215,096	\$ 43,070,128	\$ 18,144,968

The net position increased by \$18.1 million or about 42% from fiscal year 2018-19 to fiscal year 2019-20. This is primarily based on additions to construction in progress related to the District's Utility Infrastructure Project. Salary and benefit costs decreased, along with supplies, materials, and other operating expenses and services.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

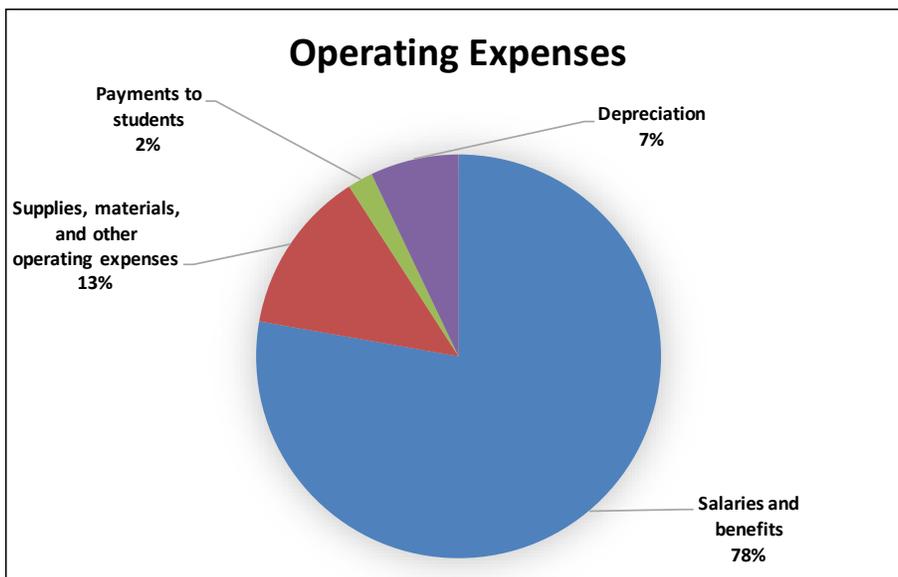
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

Below is a chart that shows the distribution of the District's revenue, with state apportionment accounting for 23% of total revenues, which is a decrease from 31% in the prior year.



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

Total operating expenses decreased by \$7.3 million, or 13%, primarily due to a \$2.7 million, or 7%, decrease in salaries and benefits and \$4.6 million decrease, or 42%, in supplies, materials, and other operating expenses and services. Employee benefits decreased due to a decrease in recognized expense related to the State's share of the net pension liability. Below is a chart showing the breakout of operating expenses as of June 30, 2020.



**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

STATEMENT OF CASH FLOWS

The statement of cash flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps 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	Change
CASH PROVIDED BY (USED IN)			
Operating activities	\$ (28,127,674)	\$ (42,223,239)	\$ 14,095,565
Noncapital financing activities	27,833,023	37,123,149	(9,290,126)
Capital financing activities	(720,401)	4,412,274	(5,132,675)
Investing activities	216,225	165,724	50,501
Net Increase (decrease) in Cash and Cash Equivalents	\$ (798,827)	\$ (522,092)	\$ (276,735)

The District's cash and cash equivalents balance decreased by \$798.9 thousand to \$14.6million. The decrease in cash and cash equivalents reflects spending down of bond proceeds on various capital projects and a decrease in net cash provided by noncapital financing activities. The District did not participate in any Tax and Revenue Anticipation Note (TRAN) program during fiscal year 2019-20. District accounting staff's cash flow analysis showed sufficient cash flow without the need for TRAN funding.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The State implemented a new funding formula for California Community Colleges in 2018-19. This new formula, referred to as the Student Centered Funding Formula (SCFF), no longer bases California Community College Apportionment Revenue on only FTES. The SCFF also factors in several Student Success and Supplemental metrics for total apportionment. This new formula is favorable for some districts, but not all. To minimize the impact of the new formula, for the first few years of the SCFF a Hold Harmless provision will apply so that a district will not receive less than 2017-18 Total Computational Revenue adjusted for COLA each year. COLA was 2.71% in 2018-19 and 1.3% in 2019-20.

The SCFF was favorable for the District as it was initially implemented. However, as the first year of the formula progressed, clarifying language and changes made it less favorable. In 2018-19, there was also a funding deficit and the District did not know if the State would have the ability to fully fund the SCFF. For these reasons, Constrained 2018-19 Total Computational Revenue (TCR) was assumed for the 2019-20 Final Budget. The amount assumed in the Final Budget for Apportionment was \$28,668,254, or \$141,097 more than the 2019-20 Hold Harmless Revenue.

Again, in 2019-20, the District was not sure if the State would be able to fully fund the SCFF. The major uncertainty for 2019-20 was due to a global pandemic caused by the Coronavirus, or COVID-19. In March of 2020, both the President of the United States and the Governor of California declared a State of Emergency. Not only did the State have to shut down all non-essential functions to slow the spread of the virus, the entire world went into some level of a shut down. The economic recession that had been anticipated to actualize sometime in the future hit hard and fast as a result of the pandemic. Somehow despite this, when the 2019-20 Second Principal Apportionment Report was published in September of 2020, the District's TCR had been adjusted to \$29,840,815 and the State was able to fund \$29,557,281, or 99.5% of that amount.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

In January of 2020, prior to the pandemic, the Governor's 2020-21 budget proposal included a COLA, one-time funds, and a budget surplus. Just a few months later, when the Governor released the May revise, the state was looking at a budget deficit, and spending cuts of about 8% were proposed for community colleges. The cuts were replaced by apportionment deferrals in the final State 2020-21 budget, allowing community colleges to operate without cuts but with the reliance on reserves, other funds, or borrowing. The District is anticipating approximately \$5 million in apportionment deferrals and is closely monitoring cash levels to know if and when participation in a Tax and Revenue Anticipation Note is necessary.

The uncertainty of the duration of the pandemic and the ability of the State's economy to recover create significant challenges for multi-year planning. The District will continue to build annual budgets assuming conservative state revenue amounts, ensuring that staff salaries and benefits and operational needs are met. PERS and STRS increases are built into the annual budget, as are funds to cover OPEB obligations. If additional funds materialize, the excess will be used to increase the fund balance, reduce the OPEB liability, or will be allocated to mission critical initiatives.

The District's economic condition is driven primarily by the level of state support provided to the California community colleges system, by the District's enrollment and performance results, and by District leadership's ability to control costs. A fundamental goal for the District is to manage costs, so that expenditure growth does not outpace revenue growth and the fund balance continues to increase. To that end, the District implemented reorganizations and layoffs to reduce expenditures and inefficiencies, and to reallocate positions to mission critical areas. The District also introduced a hiring and spending freeze. An additional goal is for the District to implement initiatives that will increase student success metrics in-line with the Chancellor's Office Vision for Success.

By continuing to monitor the fiscal environment and update the multi-year forecast revenue and expense assumptions with new information as it becomes available and taking the necessary budget actions, the District will be positioned to maintain a healthy fund balance and continue to have revenue levels that exceed expenditures. The District is continuing long-term capital investments with the Utility Infrastructure Replacement and Seismic Strengthening Project near completion.

In addition, the District received working drawings and construction phase funds for a new Creative Arts building, Physical Education Complex, and Fieldhouse. Leadership is pursuing state capital outlay funds to replace the Law Enforcement Academy, Academy of the Redwoods, and Student Resource Center buildings, and is working to secure USDA Rural Housing Grant funds to build a new Student Housing Facility. As a result, the District is positioned to capitalize on opportunities in the future should the long-term decline in enrollments eventually be reversed.

REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,330,023	\$ 2,035,915
Restricted cash and cash equivalents	4,313,216	-
Investments	-	4,866,607
Accounts receivable, net	7,046,051	27,162
Inventory	950,912	-
Prepaid expenditures and other assets	28,239	-
Total Current Assets	<u>22,668,441</u>	<u>6,929,684</u>
Noncurrent Assets:		
Beneficial interest in charitable remainder trust	-	392,565
Capital assets, net	111,644,331	-
Total Noncurrent Assets	<u>111,644,331</u>	<u>392,565</u>
TOTAL ASSETS	<u>134,312,772</u>	<u>7,322,249</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	1,792,313	-
Deferred outflows related to pensions	9,227,851	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 145,332,936</u>	<u>\$ 7,322,249</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 4,404,621	\$ 37,980
Unearned revenue	7,183,127	316,123
Amounts held in trust for others	309,731	-
Long-term debt, current portion	1,630,000	-
Total Current Liabilities	<u>13,527,479</u>	<u>354,103</u>
Noncurrent Liabilities:		
Compensated absences	839,042	-
Net OPEB liability	5,543,478	-
Net pension liability	35,508,561	-
Long-term debt, non-current portion	25,710,681	1,500,000
Total Noncurrent Liabilities	<u>67,601,762</u>	<u>1,500,000</u>
TOTAL LIABILITIES	<u>81,129,241</u>	<u>1,854,103</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	47,308	-
Deferred inflows related to OPEB	298,173	-
Deferred inflows related to charitable remainder trust	-	392,565
Deferred inflows related to pensions	2,643,118	-
NET POSITION		
Net investment in capital assets	84,256,342	-
Restricted for:		
Debt service	3,647,215	-
Capital projects	1,407,938	-
Other restrictions	152,850	-
With donor restriction	-	1,692,179
Unrestricted	(28,249,249)	3,383,402
TOTAL NET POSITION	<u>61,215,096</u>	<u>5,075,581</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 145,332,936</u>	<u>\$ 7,322,249</u>

See accompanying notes to the financial statements.

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government	Foundation
OPERATING REVENUES		
Tuition and fees (gross)	\$ 5,991,340	\$ -
Less: Scholarship discounts and allowances	(2,835,831)	-
Net tuition and fees	3,155,509	-
Grants and contracts, noncapital:		
Federal	2,226,131	-
State	6,736,865	-
Local	152,345	82,914
Auxiliary enterprise sales, net	1,025,120	1,469,502
TOTAL OPERATING REVENUES	13,295,970	1,552,416
OPERATING EXPENSES		
Salaries	24,033,917	-
Employee benefits	13,331,000	-
Supplies, materials, and other operating expenses and services	6,433,978	1,499,123
Payments to students	961,169	362,259
Depreciation	3,461,415	-
TOTAL OPERATING EXPENSES	48,221,479	1,861,382
OPERATING INCOME (LOSS)	(34,925,509)	(308,966)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	16,719,399	-
Education protection account revenues, noncapital	1,818,788	-
Local property taxes, noncapital	9,835,929	-
State taxes and other revenues, noncapital	3,371,698	-
Financial aid revenues	13,003,667	-
Financial aid expenses	(13,003,669)	-
Investment income	216,225	111,204
Interest expense	(978,682)	-
Transfer from (to) Foundation	21,888	(3,100)
Other non-operating revenues	572,403	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	31,577,646	108,104
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(3,347,863)	(200,862)
State apportionments, capital	18,504,999	-
Local property taxes and revenues, capital	2,991,131	-
Gain (loss) on disposal of asset	(6,047)	-
CHANGE IN NET POSITION	18,142,220	(200,862)
NET POSITION -- BEGINNING OF YEAR	43,070,128	5,276,443
PRIOR PERIOD ADJUSTMENT (SEE NOTE 14)	2,748	-
NET POSITION -- END OF YEAR	\$ 61,215,096	\$ 5,075,581

See accompanying notes to the financial statements.

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 3,311,655	\$ -
Federal grants and contracts	1,411,116	-
State grants and contracts	4,078,931	-
Local grants and contracts	5,289,421	82,914
Payments to or on behalf of employees	(36,625,681)	-
Payments to vendors for supplies and services	(5,705,047)	(1,482,468)
Payment to students	(913,189)	(362,259)
Auxiliary enterprise sales	1,025,120	1,690,703
Net Cash Used by Operating Activities	<u>(28,127,674)</u>	<u>(71,110)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	12,930,246	-
Education protection account revenue	1,818,788	-
Property taxes	9,835,929	-
State taxes and other revenues	3,371,698	-
Financial aid disbursements	(13,003,669)	-
Financial aid receipts	13,003,667	-
Other non-operating	(123,636)	(3,100)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>27,833,023</u>	<u>(3,100)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(19,470,670)	-
Gain (Loss) on disposal of capital assets	(6,047)	-
State revenue, capital projects	18,507,747	-
Local revenue, capital	2,991,131	-
Principal paid on capital debt	(1,558,112)	-
Interest paid on capital debt	(1,184,450)	-
Net Cash Provided by Capital Financing Activities	<u>(720,401)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	216,225	510,768
Net Cash Provided by Investing Activities	<u>216,225</u>	<u>510,768</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(798,827)	436,558
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	15,442,066	1,599,357
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,643,239</u>	<u>\$ 2,035,915</u>

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	Primary Government	Foundation
Operating loss	\$ (34,925,509)	\$ (308,966)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	3,461,415	-
Changes in Assets and Liabilities:		
Receivables, net	1,249,812	98,121
Prepaid items	(1,200)	-
Deferred outflows of resources	(52,000)	-
Accounts payable and accrued liabilities	768,118	16,655
Deferred revenue	570,461	123,080
Amounts held for others	47,980	-
Compensated absences	141,169	-
Net OPEB liability	(452,020)	-
Net pension liability	1,578,483	-
Deferred inflows of resources	(190,196)	-
Total Adjustments	<u>6,797,835</u>	<u>237,856</u>
Net Cash Flows Used by Operating Activities	<u>\$ (28,127,674)</u>	<u>\$ (71,110)</u>

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity Redwoods Community College District (the District) is a political subdivision of the state of California and provides higher education in portions of three counties. The District consists of one community college with one educational center and three branches located throughout the service area.

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

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

The College of the Redwoods Financing Corporation (the Corporation) and the College of the Redwoods Foundation (the Foundation), collectively known as the Component Units, have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB).

The following are those aspects of the relationship between the District and the component units that satisfy the GASB:

Accountability: The Foundation operates under a master agreement with the District in accordance with the *California Education Code* requirements. The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

Scope of Public Service: The component units are nonprofit, public benefit corporations incorporated under the laws of the state of California. The Foundation was formed to promote and assist the educational services of the District. The Corporation was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities. At the end of the lease term, title of all corporate property will pass to the District for no additional consideration.

Blended Presentation: The funds of separate legal entities that meet the component unit criteria described above, and whose governing body is the same or substantially the same as the District's governing board, or who provide services entirely to the District, are blended into the District's funds by appropriate activity type to compose the primary government presentation. For financial purposes, the Corporation's financial activities have been blended into the reporting activity of the District's report.

Discrete Presentation: Funds of separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending, are discretely presented with the financial activities of the District. For financial presentation purposes, the Foundation's financial activities have been discretely presented.

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after November 30, 1989.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year end are recorded as advances from students as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual* issued by the California Community Colleges Chancellor's Office.

Cash and Cash Equivalents The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Humboldt County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of less than three years. As of June 30, 2020, the fair value of the County pool was 100.08% of the carrying value and is deemed to not represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the County treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pools.

All other investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of revenues, expenses, and changes in net position.

Restricted Cash and Investments Restricted cash and cash equivalents includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

Accounts Receivable Accounts receivable consists mainly 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 reimbursement 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 that may not be received. The allowance for uncollectible accounts is calculated by applying certain percentages to each aging group. The allowance was estimated at \$1,454,172 and \$734,253 for the year ended June 30, 20, for the District and Foundation, respectively.

Inventories Inventories consist of building lots and construction in progress of residential homes as part of the District's instructional programs in the construction trades. These assets are acquired for construction of student-built houses and resold upon completion of construction.

Capital Assets Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of \$5,000 or more and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and improvements, 10 years for site improvements, 3 to 8 years for equipment and vehicles, and 5 years for library books and film.

Advances From Grantors and Students Advances from grantors and students include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Advances of revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Amounts Held for Others Amounts held for others represent funds held by the District for the Associated Students' fund.

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences Accumulated and vested unpaid employee vacation benefits and compensatory time are recognized as liabilities of the District as the benefits are earned.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Liabilities Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, or the straight-line method if it does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was \$167,341 for the year ended June 30, 2020.

Pension For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS) and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by California State Teachers' Retirement System (CalSTRS) and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Fair Value Measurements The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

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, which will only be recognized as an outflow of resources (expense/expenditures) in the future. District pension and OPEB contributions, subsequent to the measurement date, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions, subsequent to the measurement date, will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes 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 and would only be recognized as an inflow of resources (revenue) at that time.

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Changes in proportion and differences between District contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

A deferred gain 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 shorter life of the refunded or refunding debt.

The amount expected to be received as a remainder beneficiary of a charitable remainder trust is offset on the statement of net position by a deferred inflow. The deferred inflow will be adjusted annually based on the present value of the amount to be received. Once the terms of the agreement have been met, the beneficial interest in the charitable remainder trust and the related deferred inflow will be cleared and any resulting gain or loss will be recognized.

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 outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component net investment in capital assets.

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

Restricted Net Position - Expendable: Restricted net position expendable represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 toward unrestricted resources.

Classification of Revenues The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, including state appropriations, local property taxes, and investment income.

Revenues are classified according to the following criteria:

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

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources.

Scholarship Discounts and Allowances Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

State Apportionments Certain current-year apportionments from the state are based on various financial and statistical information of the previous year as well as state budgets and other factors outside the District's control. Annually, in February, subsequent to the year end, the state performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors it can reasonably determine such as local property tax revenue received and changes in full-time equivalent students. Any additional corrections determined by the state are recorded in the year computed by the state.

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 that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The respective counties bill and collect the taxes for the District.

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

On-Behalf Payments GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires that direct on-behalf payments for fringe benefits, and salaries made by an 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 CalSTRS and CalPERS on behalf of all community college districts in California. The amount reported in the basic financial statements as of June 30, 2020, was \$1,332,038.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2019. The District has not yet determined the impact on the financial statements.

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The cash and cash equivalents were as follows:

	Primary	
	Government	Foundation
Cash and cash equivalents	\$ 10,330,023	\$ 6,902,522
Restricted cash and cash equivalents	4,313,216	
Total cash and cash equivalents	<u>\$ 14,643,239</u>	<u>\$ 6,902,522</u>

The carrying amount of the cash is summarized as follows:

	District	Foundation
Cash in county treasury	\$ 14,578,553	\$ 1,508,812
Cash on hand and in banks	64,686	527,103
Investments	-	4,866,607
Totals	<u>\$ 14,643,239</u>	<u>\$ 6,902,522</u>

As provided for by the *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Humboldt County Treasurer for the purpose of increasing interest earned through County investment activities.

Copies of the County's audited financial statements can be obtained from the Humboldt County Auditor-Controller's Office, 825 5th Street, Eureka, California, 95501.

The pooled treasury has regulatory oversight from the Humboldt County Treasury Oversight Committee in accordance with *California Government Code* requirements.

The *California Government Code* requires California banks and savings and loans associated to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. The District's investments are as follows:

	Level 1	Level 2	Level 3
County treasury pool	\$ -	\$ 10,271,244	\$ -

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

The Foundation’s investments were as follows:

	Level 1	Level 2	Level 3
Certificate of deposit	\$ 75,050	\$ -	\$ -
Assets held by others	-	-	4,791,557
Totals	\$ 75,050	\$ -	\$ 4,791,557

Following is a description of the valuation methodologies used for assets measured at fair value:

Assets Held By Others: Each beneficiary in the investment pool held by Humboldt Area Foundation (the Community Foundation) is assigned units based on the fair market value of the assets at the time they are transferred to the Community Foundation. Shares in the investment pool are valued daily based on the underlying securities owned. The investments in the investment pool are primarily made up of mutual funds, common stocks, and other miscellaneous investments.

Certificate of Deposit: The fair value of the certificate of deposit is recorded at amortized cost.

Custodial Credit Risk - Deposits

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned. The District and Foundation do not have a deposit policy for custodial credit risk. As of June 30, 2020, the District and Foundation’s bank balances were fully insured.

**REDWOODS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

Primary Institution – 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.

The District’s investment in the County investment pool is unrated.

Interest Rate Risk – Investments

California Government Code, Section 53601, limits the District’s investments to maturities of five years. As of June 30, 2020, the District had no investments with maturities greater than five years.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	Primary	
	Government	Foundation
Tuition and fees, net	\$ 1,177,327	\$ 27,162
Federal grants and contracts	767,295	
State grants and contracts	305,763	-
State grants - capital	3,462,086	-
Other sources	1,333,580	-
Total	\$ 7,046,051	\$ 27,162

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	Balance			Balance
	July 01, 2019	Additions	Deductions	June 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 267,612	\$ -	\$ -	\$ 267,612
Construction in progress	4,565,706	18,902,404	-	23,468,110
Total Capital Assets Not Being Depreciated	4,833,318	18,902,404	-	23,735,722
Capital Assets Being Depreciated				
Site improvements	10,141,981	-	-	10,141,981
Buildings and improvements	120,375,849	-	-	120,375,849
Equipment	11,050,982	574,313	20,419	11,604,876
Vehicles	1,645,070	-	12,900	1,632,170
Library books and film	464,948	-	-	464,948
Total Capital Assets Being Depreciated	143,678,830	574,313	33,319	144,219,824
Less: Accumulated depreciation	52,877,072	3,461,415	27,272	56,311,215
Net Capital Assets	\$ 95,635,076	\$ 16,015,302	\$ 6,047	\$ 111,644,331

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

	Primary	
	Government	Foundation
Accrued payroll and related liabilities	\$ 646,024	\$ 5,850
Accrued interest	491,424	-
State apportionment	560,792	-
Construction projects	1,918,827	-
Vendor and other payables	787,554	32,130
Totals	\$ 4,404,621	\$ 37,980

NOTE 6 – ADVANCES FROM GRANTORS AND STUDENTS

Advances from grantors and students consisted of the following:

	Primary	
	Government	Foundation
Tuition and fees	\$ 826,996	\$ -
Federal grants and contracts	28,407	-
State grants and contract	721,973	-
Other	5,605,751	316,123
Totals	\$ 7,183,127	\$ 316,123

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of changes in noncurrent liabilities:

	Balance			Balance	
	July 01, 2019	Additions	Deductions	June 30, 2020	Due Within One Year
General Obligation Bonds					
2014 Refunding Bonds	\$ 20,155,000	\$ -	\$ 1,290,000	\$ 18,865,000	\$ 1,360,000
2004 GO Bonds - Series 2013	6,850,000	-	220,000	6,630,000	270,000
Unamortized premium	2,013,022	-	167,341	1,845,681	-
Total general obligation bonds	29,018,022	-	1,677,341	27,340,681	1,630,000
Other Long-Term Liabilities					
Compensated absences	697,873	141,169	-	839,042	-
Early retirement incentive program	48,112	-	48,112	-	-
Total Other Long-Term Liabilities	745,985	141,169	48,112	839,042	-
Total Long-Term Obligations	\$ 29,764,007	\$ 141,169	\$ 1,725,453	\$ 28,179,723	\$ 1,630,000

The annual debt service requirements to maturity on the general obligation bond issues are as follows:

The 2014 Refunding Bonds mature as follows:

Fiscal year	Principal	Interest	Total
2021	1,360,000	843,531	2,203,531
2022	1,420,000	788,231	2,208,231
2023	1,475,000	730,056	2,205,056
2024	1,545,000	654,556	2,199,556
2025	1,615,000	575,556	2,190,556
2026-2030	9,395,000	1,556,856	10,951,856
2031-2032	2,055,000	87,666	2,142,666
Total	18,865,000	5,236,452	24,101,452

The 2004 General Obligation Bonds, Series 2013, mature as follows:

Fiscal year	Principal	Interest	Total
2021	270,000	296,488	566,488
2022	330,000	284,488	614,488
2023	380,000	270,288	650,288
2024	445,000	256,013	701,013
2025	510,000	236,588	746,588
2026-2030	3,705,000	726,806	4,431,806
2031	990,000	25,988	1,015,988
Total	6,630,000	2,096,659	8,726,659

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – LONG-TERM LIABILITIES, continued

Early Retirement Incentive Program

In 2012, the District offered early retirement benefits to select employees. The liability for the eight employees who accepted the offer was \$488,169, payable in eight payments ending in 2020. The interest rate is 7.75%. The final payment of \$48,112 was paid during 2019-20.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing, multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2020, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 17,503,494	\$ 4,861,018	\$ 1,813,391	\$ 1,895,605
CalPERS	18,005,067	4,366,833	829,727	3,854,233
Total	\$ 35,508,561	\$ 9,227,851	\$ 2,643,118	\$ 5,749,838

California State Teachers' Retirement System (CalSTRS)

Plan Description Certificated employees of the District participate in STRP, a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS.

Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a publicly available financial report that can be obtained at www.calstrs.com.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

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

Contributions Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$1,871,467.

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 net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided by 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	\$ 17,503,494
State's proportionate share of the net pension liability associated with the District	9,549,402
Total	<u>\$ 27,052,896</u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0194 percent and 0.0194 percent, respectively, resulting in no change in the proportionate share.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

For the year ended June 30, 2020, the District recognized pension expense of \$1,895,605. In addition, the District recognized pension expense and revenue of \$261,267 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 674,085
Differences between expected and actual experience	44,188	492,895
Changes in assumptions	2,213,560	-
Net changes in proportionate share of net pension liability	731,803	646,411
District contributions subsequent to the measurement date	1,871,467	-
Total	<u>\$ 4,861,018</u>	<u>\$ 1,813,391</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 94,140
2024	15,153
2023	604,549
2024	567,193
2025	(53,739)
Thereafter	(51,136)
	<u>\$ 1,176,160</u>

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Assumptions

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

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

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

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary's (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of a 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, as summarized in the following table:

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

*20-year geometric average

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 26,064,151	\$ 17,503,494	\$ 10,405,079

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System

Plan Description Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	19.721%	19.721%

Contributions Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$1,676,678.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$18,005,067. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0618 percent and 0.0604 percent, respectively, resulting in a net increase in the proportionate share of 0.0014 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$3,854,233. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 167,001
Differences between expected and actual experience	1,307,890	-
Changes in assumptions	857,097	-
Net changes in proportionate share of net pension liability	525,168	662,726
District contributions subsequent to the measurement date	1,676,678	-
Total	\$ 4,366,833	\$ 829,727

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,445,715
2024	249,234
2023	37,837
2024	127,642
	\$ 1,860,428

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 25,953,120	\$ 18,005,067	\$ 11,411,607

NOTE 9 – STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

NOTE 10 – JOINT POWERS AUTHORITIES (JPA)

The District participates in property, liability, and workers' compensation insurance programs organized through the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), the Statewide Association of Community Colleges (SWACC), and the Protected Insurance Program for Schools (PIPS). These JPAs are created to provide self-insurance programs to California community colleges.

The District participates in a health insurance benefits program organized by the Self-Insured Schools of California (SISC), which is a JPA, created to provide self-insurance programs for school districts.

The District is a participant in the Schools Association for Excess Risk (SAFER). SAFER is a JPA created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-funded excess liability fund for public educational agencies, which are parties thereto. Should excess liability claims exceed amounts funded to SAFER by all participants, the District may be required to provide additional funding.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 – JOINT POWERS AUTHORITIES (JPA), continued

The JPAs are independently accountable for their fiscal matters, and as such, are not component units of the District for financial reporting purposes. Each District member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. For the last three years, settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage.

The District participates in the School Project for Utility Rate Reduction (SPURR), a joint powers authority of K-14 districts that aggregates purchasing power of participants in order to reduce natural gas expenditures.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

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

Plan Description

The Redwoods Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The District provides medical, dental, and vision insurance coverage to all employees who retire from the District and meet the age and service requirement for eligibility. Group medical coverage is provided for academic retirees hired before January 1, 2008; classified retirees hired before July 1, 2006; and administrative, managerial, and confidential employees hired before September 1, 2006. Group medical coverage is also provided for board members meeting certain eligibility requirements.

Benefits Provided

Following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Applies to employees hired	Before 1/1/2008	Before 7/1/2006	Before 9/1/2006*
Benefit types provided	Medical, Dental and Vision	Medical, Dental and Vision	Medical, Dental and Vision
	Six years, but not beyond	Six years, but not beyond	
Duration of Benefits	age 65**	age 65	10 years
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes**
District Contribution %	100%	100%	100%***
District Cap	None	None	Post-65 Benefits limited to a cumulative College Contribution of \$13,500

*Board members must have first served before 1/1/1995.

**Certificated employees hired prior to 9/1/1994 receive benefits to age 70. Beyond age 65, 70% of premiums are covered to a maximum of \$13,500.

***Post-65 Premium costs are paid at 70%.

**REDWOODS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Employees Covered

Employees covered by the benefit terms of the Plan consisted of:

	Number of Participants
Inactive Employees Receiving Benefits	34
Active Employees	70
	<u>104</u>

Contributions

The contribution requirements are established and may be amended by the District and the District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. For the fiscal year ended June 30, 2020, the District contributed \$1,739,803 representing premium payments on behalf of retired employees.

Total OPEB Liability

The District’s total OPEB liability for the Plan is measured as the total OPEB liability, less the Plan’s fiduciary net position. The total OPEB liability of the Plan is measured as of June 30, 2019, using an actuarial valuation as of June 30, 2019. The June 30, 2020, total OPEB liability was based on the actuarial methods and assumptions as shown below:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	3.50%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The discount rate is based on the Bond Buyer 20 Bond Index.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2018	\$ 5,995,498	\$ -	\$ 5,995,498
Changes for the year:			
Service cost	294,270	-	294,270
Interest	220,245	-	220,245
Employer contributions	-	700,515	(700,515)
Experience gains/losses	(343,734)	-	(343,734)
Changes of assumptions	70,618	-	70,618
Expected benefit payments	(693,419)	(700,515)	7,096
Net change	(452,020)	-	(452,020)
Balance June 30, 2019	\$ 5,543,478	\$ -	\$ 5,543,478

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

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

The following presents the District’s total OPEB liability calculated using the discount rate of 3.80%, as well as the District’s total OPEB liability if it was calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	Discount Rate 1% Lower (2.50%)	Current Discount Rate (3.50%)	Discount Rate 1% Higher (4.50%)
Net OPEB liability	\$ 5,785,638	\$ 5,543,478	\$ 5,312,269

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s total OPEB liability calculated using the healthcare cost trend rate of 4.00%, as well as the District’s total OPEB liability if it was calculated using a healthcare trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ 5,360,590	\$ 5,543,478	\$ 5,703,346

OPEB Expense, 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 \$422,377. At June 30, 2020, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 250,320
Change in assumptions	52,510	47,853
District contributions subsequent to the measurement date	1,739,803	-
	<u>\$ 1,792,313</u>	<u>\$ 298,173</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (92,138)
2022	(92,135)
2023	(61,390)
	<u>\$ (245,663)</u>

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District entered into various operating leases for land, buildings, and equipment. All leases contain termination clauses providing for cancellation upon written notice to lessors. It is expected that in the normal course of business most of these leases will be replaced by similar leases. The District periodically enters into construction commitments which are funded through state grants and/or Measure Q Bond funding. At June 30, 2020, the District had unfinished contracts in the amount of \$19,541,114. The California Division of the State Architect has informed the District that since some of the District's buildings are located near active earthquake faults, the best mitigation is avoidance of those areas.

The District is constructing comparable new building space on adjacent sites and is considering potential nonstudent uses of the existing affected buildings, if possible. At June 30, 2020, the District's affected assets have a net book value of \$247,068 and have been reported without adjustment. Community college districts receive state funding based on the number of eligible student enrollments, as well as student success and supplemental counts. In a year where a district's calculated revenue falls below the prior year's revenue level, the State Chancellor's Office provides a "hold harmless" provision so that a district will receive the same revenue as the prior year. The "hold harmless" provision didn't apply to the District in 2019-20, but may in future years.

NOTE 13 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUST – FOUNDATION

The Foundation was named a remainder beneficiary of a charitable remainder annuity trust, which was created in June 1997. The income beneficiary is to receive, first from income, and to the extent that income is insufficient, from principal, a total annuity each year equal to 7% of the net fair market value of the trust assets on the first day of the trust. Upon the death of the income beneficiary, 33% of the remaining principal is to be distributed to the Foundation.

A noncurrent asset for the charitable remainder trust has been recognized at the present value of the expected future cash flow discounted at a rate of 3.4% at June 30, 2020. As described in note 1 to the financial statements, the Foundation implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, for the year ended June 30, 2020. As a result, the Foundation has recorded a deferred inflow of resources to offset the beneficial interest in the charitable remainder annuity trust.

NOTE 14 – PRIOD PERIOD ADJUSTMNET - FOUNDATION

Beginning net position increased by \$2,748. This was due to client identified adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 294,270	\$ 286,394	\$ 278,729
Interest	220,245	232,200	223,133
	(343,734)	-	-
Changes of assumptions	70,618	(95,709)	-
Benefit payments	(693,419)	(789,420)	(759,077)
Net change in total OPEB liability	(452,020)	(366,535)	(257,215)
Total OPEB liability, beginning of year	5,995,498	6,362,033	6,619,248
Total OPEB liability, end of year (a)	\$ 5,543,478	\$ 5,995,498	\$ 6,362,033
Plan fiduciary net position			
Employer contributions	\$ 700,515	\$ 789,420	\$ 759,077
Expected benefit payments	(700,515)	(789,420)	(759,077)
Change in plan fiduciary net position	-	-	-
Fiduciary trust net position, beginning of year	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 5,543,478	\$ 5,995,498	\$ 6,362,033
Covered payroll	\$ 10,399,154	\$ 15,941,094	\$ 15,941,094
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0%	0%	0%
Net OPEB liability (asset) as a percentage of covered payroll	#DIV/0!	38%	40%

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
Actuarially determined contribution	\$ 691,378	\$ 693,419	\$ 789,420
Contributions in relations to the actuarially determined contribution	1,739,803	700,514	695,640
Contribution deficiency (excess)	\$ 691,378	\$ (7,095)	\$ 93,780
Covered-employee payroll	\$ 10,399,154	\$ 15,941,094	\$ 15,941,094
Contribution as a percentage of covered-employee payroll	17%	4%	4%

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

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

CaISTRS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.019%	0.019%	0.018%	0.019%	0.021%	0.021%
District's proportionate share of the net pension liability	\$ 17,503,494	\$ 17,808,029	\$ 16,646,400	\$ 15,367,390	\$ 12,642,644	\$ 11,410,991
State's proportionate share of the net pension liability associated with the District	9,549,402	10,196,419	6,187,467	5,575,289	4,890,772	4,620,321
Total	\$ 27,052,896	\$ 28,004,448	\$ 22,833,867	\$ 20,942,679	\$ 17,533,416	\$ 16,031,312
District's covered - employee payroll	\$ 10,896,493	\$ 9,914,134	\$ 10,338,658	\$ 9,923,684	\$ 9,664,013	\$ 9,408,594
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	161%	163%	168%	149%	127%	118%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CaIPERS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.062%	0.060%	0.065%	0.066%	0.066%	0.059%
District's proportionate share of the net pension liability	\$ 18,005,067	\$ 16,122,049	\$ 15,580,588	\$ 13,074,541	\$ 10,630,428	\$ 6,500,027
District's covered - employee payroll	\$ 8,594,502	\$ 8,307,409	\$ 8,307,648	\$ 7,997,047	\$ 7,216,731	\$ 7,367,413
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	209%	188%	188%	157%	133%	90%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020**

CalSTRS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,871,467	\$ 1,773,949	\$ 1,510,996	\$ 1,247,198	\$ 902,174	\$ 864,028
District's contributions in relation to the statutorily required contribution	1,871,467	1,773,949	1,510,996	1,247,198	902,174	864,028
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,322,488	\$ 10,896,493	\$ 9,914,134	\$ 10,338,658	\$ 9,923,684	\$ 9,664,013
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	15.24%	12.06%	9.09%	8.94%
CalPERS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,676,678	\$ 1,552,339	\$ 1,272,690	\$ 1,153,733	\$ 546,053	\$ 849,481
District's contributions in relation to the statutorily required contribution	1,676,678	1,552,339	1,272,690	1,153,733	546,053	849,481
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,501,993	\$ 8,594,502	\$ 8,307,409	\$ 8,307,648	\$ 7,997,047	\$ 7,216,731
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.32%	13.89%	6.83%	11.77%

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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

Changes of Assumptions - The discount rate decreased from 3.8% to 3.5% since the previous valuation.

Schedule of Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

**REDWOODS COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2020**

The District was established on January 14, 1964 and commenced operations in 1965.

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Dr. Colleen Mullery	President	December 2020
Mr. Daniel Kelley	Vice President	December 2022
Mr. Richard Dorn	Clerk	December 2020
Mr. Bruce Emad	Member	December 2020
Ms. Carol Mathews	Member	December 2022
Ms. Sally Biggin	Member	December 2020
Ms. Bonnie Deister	Member	December 2022
Vacant	Student Member (Nonvoting)	

DISTRICT ADMINISTRATION

Mr. Keith Snow-Flamer
President/Superintendent

Dr. Angelina Hill
Vice President, Instruction

Mr. Joe Hash
Vice President, Student Development

Ms. Julia Morrison
Vice President, Administrative Services

**REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2020**

The full-time equivalent resident students (FTES) eligible for 2019-20 state apportionment reported to the state of California as of June 30, 2020 are summarized below:

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	28.21	-	28.21
2. Credit	200.79	-	200.79
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	0.25	-	0.25
2. Credit	5.84	-	5.84
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,511.60	-	2,511.60
(b) Daily Census Contact Hours	97.61	-	97.61
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	105.57	-	105.57
(b) Credit	365.17	-	365.17
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	438.08	-	438.08
(b) Daily Census Contact Hours	33.69	-	33.69
(c) Noncredit Independent Study/Distance Education Courses	0.60	-	0.60
D. Total FTES	3,787.41	-	3,787.41
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	1.84	-	1.84
2. Noncredit	94.80	-	94.80
Total Basic Skills FTES	96.64	-	96.64

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	*	\$ 147,065
Federal Direct Student Loans	84.268	*	2,130,354
Federal Work Study Program (FWS)	84.033	*	191,410
Federal Pell Grants (PELL)	84.063	*	7,792,902
Total Student Financial Assistance Cluster			10,261,731
Passed through State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	*	179,959
TRIO Cluster			
Student Support Services	84.042	*	628,820
Upward Bound	84.047A	*	527,506
Total TRIO Cluster			1,156,326
Child Care Access Means Parents in School	84.116	*	85,272
Higher Education Emergency Relief Funds			
Student Aid Portion	84.425E	*	1,252,245
Institutional Portion	84.425F	*	226,704
Total Higher Education Emergency Relief Funds			1,478,949
Total U.S. Department of Education			13,162,237
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veteran's Education	64.117	*	61,464
Total U.S. Department of Veterans Affairs			61,464
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education			
Child and Adult Care Food Program	10.558	04129-CACFP-12-CC-IC	32,155
Total U.S. Department of Agriculture			32,155
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed through State Department of Education			
AmeriCorps	94.006	95550001	25,330
Total Corporation for National and Community Service			25,330
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State Department of Education			
Child Development Cluster			
Child Development - Federal Child Care, Center Based CSPP	93.596	13609	27,940
Child Development - Federal Child Care, Center Based CCTR	93.575	15136	2,550
Total Child Development Cluster			30,490
Early Head Start - Child Care Partnership	93.600	01039	117,301
Total U.S. Department of Health and Human Services			147,791
NATIONAL SCIENCE FOUNDATION			
Faculty Development in Design, Construction, Assembly and Analysis of a Solid Body Guitar	47.076	*	4,648
Total National Science Foundation			4,648
U.S. DEPARTMENT OF INTERIOR BUREAU OF INDIAN AFFAIRS			
Indian Loans - Economic Development	15.124	*	191,608
Total U.S. Department of Interior Bureau of Indian Affairs			191,608
Total Federal Expenditures			\$ 13,625,233

*Pass-Through number is either not available or not applicable

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

	Program Revenues				Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income	Accounts Payable		
State Mandated Costs	\$ 116,065	\$ -	\$ -	\$ -	116,065	\$ -
Part-Time Faculty Allowance	178,845	-	827	-	179,672	179,672
Full-Time Faculty Hiring	162,035	-	-	-	162,035	162,035
Extended Opportunity Program and Services	927,411	-	(2,088)	-	925,323	925,323
EOPS Prior Year	-	-	-	-	-	-
Cooperative Agencies Resources for Education	151,221	-	-	-	151,221	151,221
Lottery - Prop 20	326,477	94,711	(192,396)	-	228,792	228,793
Disabled Student Program and Services + Access to Print	565,745	-	742	-	566,487	566,487
TANF	23,203	21,418	-	-	44,621	44,621
CalWORKS	241,462	-	-	(2,651)	238,811	240,593
Student Equity & Achievement	2,336,883	-	(818,221)	-	1,518,662	1,518,663
Student Financial Aid Administration	199,293	-	(6,868)	-	192,425	192,425
Financial Aid Technology	126,887	-	(86,469)	-	40,418	40,418
State Maintenance Allowance	-	10,189	-	-	10,189	10,189
Equal Employment Opportunity	52,699	-	(24,893)	-	27,806	27,806
Classified Professional Development	33,445	-	(33,445)	-	-	-
Foster Parent Training	124,052	59,377	(13,123)	-	170,306	190,231
Strong Workforce - Local Yr 3	-	-	419,277	-	419,277	419,277
Clean Energy Prop 39	-	-	-	-	-	52,228
Basic Skills SOTP	51,312	-	(13,756)	-	37,556	37,556
Guided Pathways	165,118	-	(71,956)	-	93,162	93,162
Inst/Eq/Lib Matl	44,104	-	(33,849)	-	10,255	10,255
Strong Workforce - Regional	394,468	-	(57,878)	-	336,590	336,590
California College Promise	197,344	-	(64,519)	-	132,825	132,825
North Far North Reg Consortium	78,409	-	(32,867)	-	45,542	45,542
Nursing Education	120,921	(27,265)	(2,910)	-	90,746	118,011
Adult Education Block Grant	921,327	-	(47,977)	-	873,350	873,350
Innovations Grant Pelican Bay	-	-	443,222	-	443,222	443,222
Veteran's Grant	54,851	-	(32,106)	-	22,745	22,745
Mental Health Support	-	-	12,693	-	12,693	12,693
Hunger Free Campus	20,372	-	37,763	-	58,135	58,135
Childcare Tax Bailout	108,414	-	-	-	108,414	108,066
State Preschool Program (CSPP)	345,750	-	(136,892)	-	208,858	236,798
Infant & Toddler (CCTR)	211,693	72,435	(36,273)	-	247,855	250,405
Caltrans Infrastructure	-	71,007	-	-	71,007	71,007
Schdl. Maint. & Repairs	-	-	71,989	-	71,989	71,989
Cal Grant	925,552	3,891	-	-	929,443	929,443
Student Success Completion	497,816	-	-	-	497,816	497,816
Misc State Grants	2,000	-	-	-	2,000	2,000
Total	\$ 9,705,174	\$ 305,763	\$ (721,973)	\$ (2,651)	\$ 9,286,313	\$ 9,301,592

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

June 30, 2019	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Farm Operations Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Bond Construction Fund
Annual Financial and Budget Report (CCFS-311)							
Fund Balance	\$ 3,251,094	\$ 3,647,215	\$ 134,496	\$ 18,351	\$ 587,868	\$ 1,001,917	\$ 406,021
Adjustments and reclassifications increasing (decreasing) the fund balance:							
Adjustment to record debt service fund	-	-	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	-	-	-	-	-	-	-
Audited Financial Statements Fund Balance	\$ 3,251,094	\$ 3,647,215	\$ 134,496	\$ 18,351	\$ 587,868	\$ 1,001,917	\$ 406,021

June 30, 2019 (continued)	Bookstore Fund	Cafeteria Fund	Other Enterprise Fund	Student Financial Aid Trust Fund	Employee Benefit Fund	Associated Students Trust Fund	Total
Annual Financial and Budget Report (CCFS-311)							
Fund Balance	\$ -	\$ (1)	\$ 899,175	\$ 3	\$ 1,316,247	\$ 309,731	\$ 11,572,117
Adjustments and reclassifications increasing (decreasing) the fund balance:							
Agency accounts not included in CCFS-311	-	-	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-	(309,731)	(309,731)
Net Adjustments and Reclassifications	-	-	-	-	-	(309,731)	(309,731)
Audited Financial Statements Fund Balance	\$ -	\$ (1)	\$ 899,175	\$ 3	\$ 1,316,247	\$ -	\$ 11,262,386

**REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 5,911,141	\$ -	\$ 5,911,141	\$ 5,911,141	\$ -	\$ 5,911,141
Other	1300	5,269,341	-	5,269,341	5,530,748	-	5,530,748
Total Instructional Salaries		11,180,482	-	11,180,482	11,441,889	-	11,441,889
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	1,696,019	-	1,696,019
Other	1400	-	-	-	238,216	-	238,216
Total Non-Instructional Salaries		-	-	-	1,934,235	-	1,934,235
Total Academic Salaries		11,180,482	-	11,180,482	13,376,124	-	13,376,124
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	4,262,114	-	4,262,114
Other	2300	-	-	-	254,729	-	254,729
Total Non-Instructional Salaries		-	-	-	4,516,843	-	4,516,843
Instructional Aides							
Regular Status	2200	276,663	-	276,663	276,663	-	276,663
Other	2400	162,242	-	162,242	162,242	-	162,242
Total Instructional Aides		438,905	-	438,905	438,905	-	438,905
Total Classified Salaries		438,905	-	438,905	4,955,748	-	4,955,748
Employee Benefits	3000	3,621,375	-	3,621,375	7,216,067	-	7,216,067
Supplies and Materials	4000	-	-	-	209,877	-	209,877
Other Operating Expenses	5000	101,844	-	101,844	3,011,051	-	3,011,051
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		15,342,606	-	15,342,606	28,768,867	-	28,768,867
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	25,405	-	25,405	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	4,138	-	4,138
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	538,991	-	538,991
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 25,405	\$ -	\$ 25,405	\$ 543,129	\$ -	\$ 543,129
Total for ECS 84362, 50% Law		\$ 15,317,201	\$ -	\$ 15,317,201	\$ 28,225,738	\$ -	\$ 28,225,738
Percent of CEE (Instructional Salary Cost/Total CEE)		54.27%	0.00%	54.27%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 14,112,869	\$ -	\$ 14,112,869

**REDWOODS COMMUNITY COLLEGE DISTRICT
 RECONCILIATION OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2020**

EPA Revenue	1,818,788
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	1,818,788	-	-	1,818,788
Total		1,818,788	-	-	1,818,788

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

Total Fund Equity - District Funds Included in the Reporting Entity		\$	11,262,386
Assets recorded within the statements of net position not included in the District fund financial statements:			
Nondepreciable capital assets	\$	23,735,722	
Depreciable capital assets		144,219,824	
Accumulated depreciation		<u>(56,311,215)</u>	111,644,331
Unmatured Interest			(491,424)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to OPEB	\$	1,792,313	
Deferred outflows related to pensions		<u>9,227,851</u>	11,020,164
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
Compensated absences			(839,042)
Net OPEB liability			(5,543,478)
Net pension liability			(35,508,561)
Long-term debt			(27,340,681)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred gain on refunding	\$	47,308	
Deferred inflows related to OPEB		298,173	
Deferred inflows related to pensions		2,643,118	(2,988,599)
Net Position Reported Within the Statements of Net Position			<u>\$ 61,215,096</u>

**REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Change in Fund Equity - District Funds Included in the Reporting Entity in the Reporting Entity	\$ 1,394,521
Compensated absence expense	(141,169)
Depreciation expense	(3,461,415)
Accrued interest	30,542
Amortization of bond premiums	167,341
Amortization of deferred gain on refunding	7,885
Capital outlay expense	19,476,717
Pension expense	(2,201,693)
Other postemployment benefits expense	1,317,426
Principal Payments on debt	1,558,112
Loss on disposal of capital assets	<u>(6,047)</u>
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 18,142,220</u>

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

District Organizational Structure

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

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

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2020, represents the basis of apportionment of the District's annual source of funding.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. 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* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such 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 not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

This schedule includes the state activity of the District under categorical programs of the state of California for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the *California Community Colleges Contracted District Audit Manual 2019-20*.

Expenses reported on this schedule are reported on the accrual basis of accounting.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District accounting records.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Reconciliation of the Education Protection Account Expenditures

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

Reconciliation of Fund Equity to Net Position and Reconciliation of Change in Fund Equity to Change in Net Position

These schedules provide the information necessary to reconcile the supplemental combining financial schedules to the audited financial statements.

NOTE 2 – LOAN PROGRAM

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. Accordingly, the value of these outstanding loans is not reflected in the District's financial statements. It is not practical to determine the balance of loans outstanding to students of the District under this program as of June 30, 2020.

OTHER INDEPENDENT AUDITORS' REPORTS

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

To the Board of Trustees
Redwoods Community College District
Eureka, California

We have audited, 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, the financial statements of the business-type activities and the discretely presented component unit of Redwoods Community College District (the District) as of and for the year ended June 30, 2020; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated January 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

San Diego, California
January 28, 2021

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

To the Board of Trustees
Redwoods Community College District
Eureka, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

San Diego, California
January 28, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees
Redwoods Community College District
Eureka, California

Compliance

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

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *California Community Colleges Contracted District Audit Manual 2019-20*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2019-20* 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 compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

Opinion of State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2020.

Procedures Performed

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

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

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*. Accordingly, this report is not suitable for any other purpose.

San Diego, California
January 28, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F</u>	<u>Higher Education Emergency Relief Funds (CARES Act)</u>

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

STATE AWARDS

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

**REDWOODS COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings for the year ended June 30, 2020.

**REDWOODS COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III – Federal Award Findings and Questioned Costs

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

There were no federal award findings or questioned costs for the year ended June 30, 2020.

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs for the year ended June 30, 2020.

**REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no audit findings or questioned costs for the year ended June 30, 2019.