



ACTION ITEM

To: Board of Trustees	Date:
From: Superintendent/President	January 11, 2022
Subject: Audit Report for Year Ending June 30, 2021	Item Number: 13.A.
Strategic Goal: Goal IR2: To develop district financial resources adequate to support quality programs and services.	Enclosures: Page 1 of 4

BACKGROUND

Education code 84040 requires the governing board of each community college provide an annual audit in accordance with the standards and procedures developed by the California Community College Board of Governors and the State of California Department of Finance.

The audit for the year ending June 30, 2021, is completed and is included under separate cover. For the electronic version of the financial audit report, see the following link <https://www.hancockcollege.edu/planning/financial.php>.

Mr. John Dominguez from the audit firm of CWDL CPAs will be present at the board meeting and provide background information and answer questions.

FISCAL IMPACT

The audit expense was budgeted in the fiscal year 2021-22 per contractual amount.

RECOMMENDATION

Staff recommends that the board of trustees accept the audit report for the year ending June 30, 2021, as presented.

Administrator Initiating Item: Eric D. Smith	Final Disposition:
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The Members of the Board of Trustees
Allan Hancock Joint Community College District
Santa Maria, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allan Hancock Joint Community College District (District) for the year ended June 30, 2021 and have issued or report thereon dated December 17, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Allan Hancock Joint Community College District are described in Note 1 to the financial statements. The District implemented GASB Statement No. 84, *Fiduciary Activities* during the year. No other significant new accounting policies were adopted.

We noted no transactions entered into by Allan Hancock Joint Community College District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on an analysis of the assets' condition and the District's previous experience. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the program revenues and its allocation by function is based on each fund's percentage of expenditures, as well as historical data. We evaluated the key factors and assumptions used to develop the allocation of program revenues to various functions in determining the reasonableness in relation to the financial statements taken as a whole.
- Management's estimate of the unfunded pension liability and net OPEB liability are based on actuarial reports prepared by other professionals. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures included:

- Other post-employment benefits (OPEB)
- Pensions

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

No material misstatements were detected as of result of audit procedures. Material conversion entries were recorded by the auditors to convert the modified accrual basis of accounting governmental funds to the government-wide financial statements. This is part of the standard routine audit process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We will request certain representations from management that are to be included in the management representation letter dated December 17, 2021, the date of the finalized audit report.

Management Consultations with Other Independent Accountant

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Allan Hancock Joint Community College District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Allan Hancock Joint Community College District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

The supplementary section accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors’ opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

Restriction on Use

This information is intended solely for the information and use of the governing board and management of Allan Hancock Joint Community College District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CWDL, Certified Public Accountants
San Diego, California