Financial Statements
June 30, 2025

Los Rios Community College District

Schedule of Findings and Questioned Costs

Independent Auditor's Report

To the Board of Trustees
Los Rios Community College District
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, aggregate discretely presented component unit, and fiduciary activities of Los Rios Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component unit, and fiduciary activities of Los Rios Community College District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 12 and other required supplementary schedules as listed in the table of contents on pages 64 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

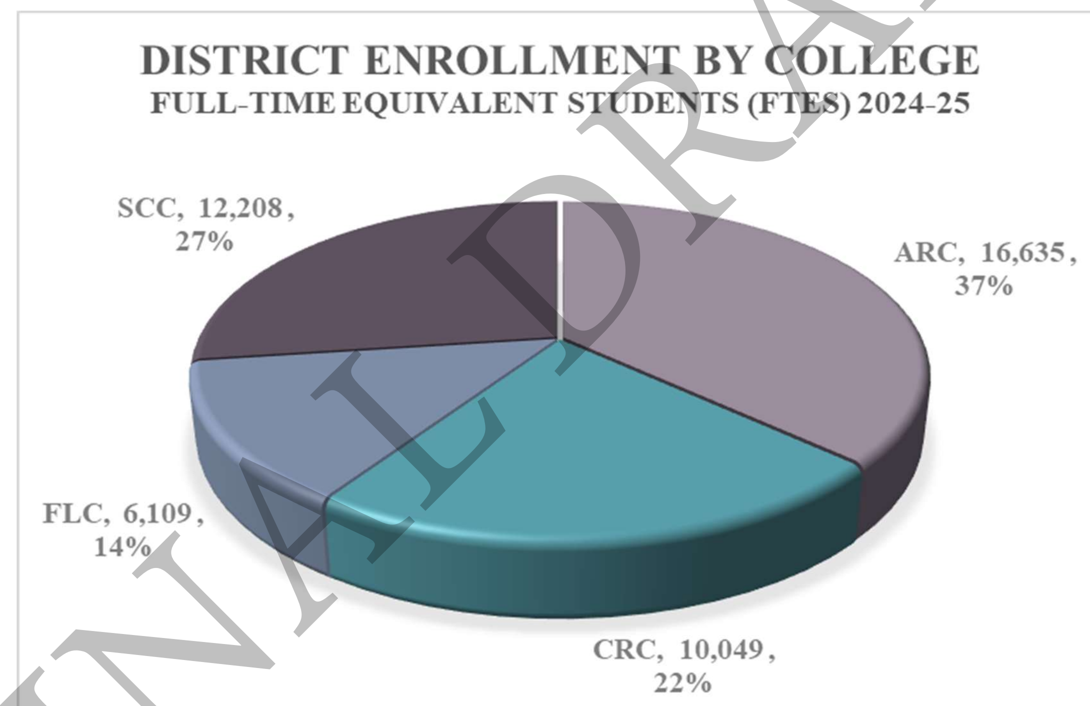
In accordance with *Government Auditing Standards*, we have also issued our report dated ___________, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
__________________, 2025

DISTRICT BACKGROUND

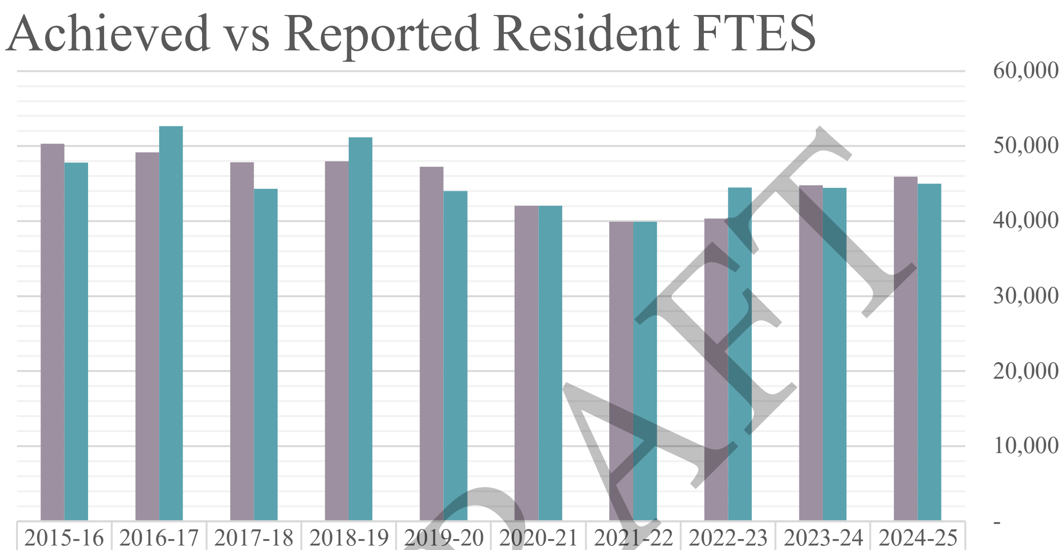
The Los Rios Community College District (the District) was formed in 1965 as a result of the consolidation of ten separate K-12 "feeder" districts. The District initially consisted of two colleges: Sacramento City College (SCC), founded in 1916, and American River College (ARC), founded in 1955. Cosumnes River College (CRC) was established in 1970 to serve the southern portion of the District and in 2004 Folsom Lake College (FLC) achieved college status. The District also includes six education centers in Davis, El Dorado, Elk Grove, Natomas, Rancho Cordova, and West Sacramento.

With over 70,000 students enrolled during our primary terms, the District is the second-largest community college district in California and one of the largest in the nation. The District, covering approximately 2,440 square miles, includes most of Sacramento and El Dorado Counties and parts of Yolo, Placer, and Solano Counties.



ATTENDANCE

The District's achieved attendance increased by 2.58% in the current year compared to prior year. The difference between reported and achieved FTES is due to the District shifting a portion of summer 2024 FTES to 2023-24. The post-pandemic increase in achieved attendance is an encouraging sign for the District, as it demonstrates that the District's broad-based outreach and marketing efforts. This effort includes a heavy focus on improving persistence among existing students as well as growing the number of Dual Enrollment students served by the District.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Achieved FTES	50,311	49,173	47,847	47,955	47,238	42,036	39,919	40,338	44,778	45,935
Reported Resident FTES	47,779	52,640	44,313	51,170	44,025	42,036	39,919	44,487	44,441	45,000

MANAGEMENT DISCUSSION AND ANALYSIS (explained)

The District follows the financial reporting standards established by the Governmental Accounting Standards Board (GASB). Management's Discussion and Analysis (MD&A) provides an overview of the District's financial position and activities. The MD&A, prepared by District management, should be read in conjunction with the financial statements. The purpose of the basic financial statements is to summarize the District's financial status as a whole and to present a long-term view of the District's finances.

The basic financial statements include four components:

1. *Statement of Net Position* presents the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

2. *Statement of Revenues, Expenses, and Changes in Net Position* presents the District's revenues earned, expenses incurred and change in total net position.

3. *Statement of Cash Flows* presents information about the cash activities of the District during the year.

   Notes to the Financial Statements provide additional information crucial for the review of the financial statements.

FINANCIAL HIGHLIGHTS

The Student-Centered Funding Formula (SCFF) is the formula used to allocate state general apportionment funding to California's community colleges. The SCFF allocations for fiscal year 2024-25 and their respective weightings consist of:

- Base Allocation (70%) –Primarily driven by enrollment.

- Supplemental Allocation (20%) - Based on the number of low-income students served, as represented by students receiving a Pell or California College Promise Grant (CCPG), or an AB540 California Dream Act Nonresident Tuition Fee Waiver.

- Student Success Allocation (10%) - Based on outcomes that include the number of students who are earning associate degrees and credit certificates, transferring to four-year colleges and universities, have completed transfer-level math and English within their first year of college, have completed nine or more career education units and have attained the regional living wage.

The SCFF includes a hold harmless provision, which ensures districts receive funding at or above their fiscal year 2017-2018. The 2022 Budget Act extended the SCFF's hold harmless provision by one year, through 2024-25. The District's fiscal year 2024-25 SCFF calculation exceeded the hold harmless provision, as SCFF calculated funding ($416.3 million) was more than the calculated funding using the hold harmless provision ($394.8 million). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, with a district's 2024-25 funding representing its new "floor." Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher. It is important to take into consideration that SCFF funding is based on the availability of state general apportionment funding.

The District closed the year with unrestricted general fund reserves of $186.8 million, or 33% of expenditures, as well as available reserves in its unrestricted capital outlay projects fund. Cash balances in the unrestricted general fund and unrestricted capital outlay projects fund is $506.7 million.

As of June 30, 2022, the voters have approved two bond measures. The voters approved Measure A at $265 million on March 5, 2002 and Measure M at $475 million on November 4, 2008. On June 18, 2025 the District issued the sixth series of Measure M, Series F, for $10 million. District has fully issued Measure A and Measure M. The District's four colleges, the District Office, and other facilities providing District-wide services have utilized the bond issues to construct new facilities and modernize existing facilities. In total, the two bond measures have funded 109 capital facility projects, with an additional 15 projects currently in progress. As of June 30, 2025, Measure A was fully expended, and nearly all Measure M funds have been expended or committed.

FINANCIAL STATEMENTS SUMMARY

Statement of Net Position

The net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by $923.8 million.

	2025	2024
ASSETS		
Current assets	$ 918,627,311	$ 983,604,195
Noncurrent assets:		
Net OPEB asset	12,755,982	10,057,602
Capital assets, net	972,158,616	896,200,662
Total Assets	1,903,541,909	1,889,862,459
DEFERRED OUTFLOWS OF RESOURCES	135,675,844	143,425,061
LIABILITIES		
Current liabilities	330,327,066	372,814,274
Noncurrent liabilities:		
Net OPEB liability	883,212	970,886
Other long-term obligations	726,171,749	775,172,471
Total Liabilities	1,057,382,027	1,148,957,631
DEFERRED INFLOWS OF RESOURCES	58,077,147	69,043,541
NET POSITION		
Net investment in capital assets	635,732,985	579,432,725
Restricted	110,458,214	102,540,601
Unrestricted	177,567,380	133,313,022
Total Net Position	$ 923,758,579	$ 815,286,348

The District's $635.7 million net investment in capital assets (e.g., land, buildings and equipment) is a significant portion of net position. This amount is net of any outstanding debt used to acquire the capital assets. The District uses these assets to provide educational services; consequently, these assets are not available for future spending.

The restricted net position accounts for $110.5 million of net position. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on their use.

Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024
OPERATING REVENUES		
Net tuition and fees	$ 28,604,463	$ 27,352,040
Grants and contracts	139,970,593	126,629,952
Other operating income	5,822,436	11,781,912
Total Operating Revenues	174,397,492	165,763,904
OPERATING EXPENSES		
Salaries	346,142,664	324,263,318
Benefits (including CalPERS, CalSTRS & OPEB)	92,255,182	107,760,378
Supplies, materials, other operating expense and services	100,823,981	103,306,114
Student financial aid	179,899,743	142,692,005
Depreciation	26,971,362	26,561,336
Total Operating Expenses	746,092,932	704,583,151
Operating Loss	(571,695,440)	(538,819,247)
NONOPERATING REVENUE (EXPENSE)		
State apportionments and EPA, noncapital	266,946,442	271,876,117
Property taxes	195,126,409	184,013,103
Federal and State financial aid grants	167,886,006	133,546,694
Lottery and other revenue	27,157,536	31,577,531
Net investment income less interest expense	29,392,056	27,415,222
Other nonoperating revenue (expense)	2,802,559	2,467,292
Total Nonoperating Revenue (Expense)	689,311,008	650,895,959
OTHER REVENUE (EXPENSE)		
State and local capital income	13,818,896	54,830,764
Gain (loss) on disposal of capital assets	30,604	(241,525)
Total other revenue (expense)	13,849,500	54,589,239
Net Increase in Net Position	$ 131,465,068	$ 166,665,951

Net tuition and fees, included in operating revenue, increased by $1.2 million, primarily driven by a 2.58% increase in achieved FTES.

Grants and contracts, *noncapital* included in operating revenue, increased by $13.3 million. This increase was primarily driven by a $11 million increase in state recognized revenue and $2 million increase in federal recognized revenue from various categorical programs and grants.

Ongoing salary schedule improvements, coupled with one-time only retroactive salary schedule improvements resulted in the $21.9 million increase in *salaries*.

Benefits expense decreased by $15.5 million. The decrease is primarily due to the State's on-behalf contributions to STRS employee pension plans and proportionate share of related pension liabilities which decreased by $14.8 million due to changes in actuarial assumptions. Accounting standards require equal and opposite reporting via revenue and expense for the on-behalf contributions from the State and any increase in their proportionate share of related pension liabilities; therefore, there is no impact to the bottom line (net position) resulting from these transactions.

Student financial aid, included in operating expenses, increased by $37.2 million. This increase was primarily due to an increase in federal and state financial aid, largely attributed to a significant rise in the number of students applying for and qualifying for Federal Pell Grants which resulted in $22.5 million of additional Pell awards. The total $37.2 million increase also accounts for the growth in *Federal and state financial aid grants* reported under nonoperating revenue.

State apportionments and EPA, noncapital decreased by $4.9 million due to a shift in apportionment revenue from EPA funds to property tax revenue. This shift, in combination with an overall increase in SCFF funding, accounts for a $11.1 million increase in *Property taxes*.

Net investment income less interest expense increased by $1.97 million primarily due to rising interest rates resulting in increased interest income, coupled with increases in the District's interest earning deposit and investment account balances.

State and local capital income decreased by $41 million due to a decrease in recognized revenue as a result of fully expending the state funded portion of Measure M projects at American River College (Tech Ed Modernization) and Folsom Lake College (New Science Building) in the prior fiscal year.

Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 20255, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Land, construction in progress & collectibles	$ 231,251,451	$ 82,800,979	$ (9,321,047)	$ 304,731,383
Site improvements	80,710,206	3,363,170	-	84,073,376
Buildings and improvements	903,447,025	13,349,849	-	916,796,874
Equipment	216,373,731	11,903,114	(3,524)	228,273,321
Library books	7,317,071	836,753	(462,162)	7,691,662
Right-to-use subscription IT assets	2,570,835	-	-	2,570,835
Subtotal	1,441,670,319	112,253,865	(9,786,733)	1,544,137,451
Accumulated depreciation and amortization	(545,469,657)	(26,971,362)	462,184	(571,978,835)
TOTAL	$ 896,200,662	$ 85,282,503	$ (9,324,549)	$ 972,158,616

Land, construction in progress and collectibles additions were $82.8 million. The additions are primarily from the following construction projects: ARC Tech Ed Modernization, Natomas Center, FLC New Science Building and FLC Central Plant upgrades. Deletions represent completed construction projects reclassified to site improvements or buildings and improvements.

Buildings and improvements additions consist primarily of completed construction projects reclassified to buildings.

Equipment additions of $11.9 million primarily consists of the replacement costs of outdated equipment and new equipment purchased.

Long-Term Debt

The changes in the District's long-term debt during the fiscal year ended June 30, 2025 consisted primarily of the following:

	Beginning of Year	Additions	Deletions	End of Year
General obligation bonds	$ 431,115,045	$ 113,322,647	$ (160,693,558)	$ 383,744,134
Compensated Absences	$ 53,057,044	$ 4,453,719	$ -	$ 57,510,763
Total	$ 484,172,089	$ 117,776,366	$ (160,693,558)	$ 441,254,897

General obligation bond activity in the current year is from regular principal payments and amortization of bond issuance premiums.

Compensated absences activity includes the adoption of GASB Statement No. 101 which stipulates additional leave banks that are considered a compensated absence. Most notably, adoption of this statement requires estimated sick leave liability to be incorporated within this balance. Therefore, the beginning balance of compensated absences for July 1, 2024 has been restated to $53 million to recognize $22.9 million in sick leave liability. Compensated balances activities in the current year represent accruals of employee leave banks.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

During the Covid-19 pandemic, the District (similar to most other districts in the state) experienced a decline in enrollment. As California Community College funding is predominately based on enrollment, the enrollment declines would have resulted in a painful decrease in funding during the pandemic years. To address this impact, the state implemented a hold harmless funding provision, equal to a District's 2017-2018 funding level, increased by any Cost of Living Adjustments (COLA). This hold harmless provision was in place through 2024-2025.

Beginning with 2025-2026, a new hold harmless provision will fund Districts at the greater of their SCFF generated funding or their 2024-2025 funding. An important difference in this revised hold harmless provision is that the hold harmless funding level will remain static and will not be increased by any future COLAs. This may require difficult decisions for any Districts that are unable to restore and increase their enrollment, as their cost to serve existing students will continue to rise, but their funding level will remain unchanged. Relative to many other districts in the state, our District is in a favorable position from a demographic standpoint, as we have comparably favorable population trends among our feeder high schools as well as in our regional adult population. With this in mind, our District dedicated significant resources to a multi-pronged marketing and outreach program designed to restore its enrollment to pre-pandemic levels and beyond. Our current daily year-over-year tracking indicates full restoration, with growth above our pre-pandemic FTES benchmark.

While the District is optimistic about its long-term funding outlook under the SCFF, the state's overall capacity to fund enrollment growth remains limited. For 2025–26, the statewide budget provides 0.57% systemwide growth funding, with only 0.24% allocated to Los Rios. This limited growth authority restricts the District's ability to generate apportionment for additional FTES, despite rising student demand. FTES beyond the funded cap are excluded from both current-year revenue and the District's three-year FTES average, resulting in a compounding structural funding loss. The District continues to advocate for additional growth resources and long-term improvements to the funding formula.

Despite these statewide constraints, the District's fiscal condition remains strong. The District's 2025-26 Adopted Budget is balanced and reserves are in line with board policy. In addition, the District continues to fund and refine its long-term projections to fully meet all known liabilities, including those related to CalPERS, CalSTRS, and Other Post-Employment Benefits (OPEB).

The District continues to plan thoughtfully for the many challenges ahead and looks forward to the opportunity to expand and enhance access and success for the students, while improving the District's financial position by systematically addressing pension and other liabilities and making investments in human, physical, and technology resources. Through the support of the Board members, staff, students, and community at large, the District, with its enviable reputation and unique place in the community, remains committed to academic excellence and fiscal stability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Los Rios Community College District, 1919 Spanos Court, Sacramento, CA 95825.

Assets	
Current assets	
Cash, cash equivalents, and investments	$ 567,628,494
Restricted cash, cash equivalents, and investments	266,231,336
Accounts receivable, net	74,314,694
Due from fiduciary funds	1,519
Prepaid expenses and other assets	10,451,268
Total current assets	918,627,311
Noncurrent assets	
Net other postemployment benefits (OPEB) asset	12,755,982
Capital assets not being depreciated or amortized	304,731,383
Capital assets, net of accumulated depreciation and amortization	667,427,233
Total noncurrent assets	984,914,598
Total assets	1,903,541,909
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	14,894,697
Deferred outflows of resources related to pensions	120,781,147
Total deferred outflows of resources	135,675,844
Liabilities	
Current liabilities	
Accounts payable	64,087,011
Payroll and related liabilities	48,672,805
Accrued interest payable	6,619,253
Due to fiduciary funds	880,300
Unearned revenue	143,695,101
Compensated absences payable, current portion	6,990,744
Subscription-based IT arrangements liability, current portion	486,835
Bonds and premium liability, current portion	58,895,017
Total current liabilities	330,327,066

Noncurrent liabilities	
Compensated absences payable, noncurrent portion	$ 50,520,019
Subscription-based IT arrangements liability, noncurrent portion	1,052,897
Bonds and premium liability, noncurrent portion	324,849,117
Claims liability	14,093,889
Net other postemployment benefits (OPEB) liability	883,212
Aggregate net pension liability	335,655,827
Total noncurrent liabilities	727,054,961
Total liabilities	1,057,382,027
Deferred Inflows of Resources	
Deferred inflows of resources related to debt refunding	730,905
Deferred inflows of resources related to OPEB	14,061,656
Deferred inflows of resources related to pensions	43,284,586
Total deferred inflows of resources	58,077,147
Net Position	
Net investment in capital assets	635,732,985
Restricted for	
Debt service	62,325,423
Other activities	48,132,791
Unrestricted	177,567,380
Total net position	$ 923,758,579

Operating Revenues	
Tuition and fees	$ 63,025,620
Less: Scholarship discounts and allowances	(34,421,157)
Net tuition and fees	28,604,463
Grants and contracts, noncapital	
Federal	17,061,262
State	121,093,641
Local	1,815,690
Total grants and contracts, noncapital	139,970,593
Other operating revenues	5,822,436
Total operating revenues	174,397,492
Operating Expenses	
Salaries	346,142,664
Employee benefits	92,255,182
Supplies, materials, and other operating expenses and services	100,823,981
Student financial aid	179,899,743
Depreciation and amortization	26,971,362
Total operating expenses	746,092,932
Operating Loss	(571,695,440)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	266,946,442
Local property taxes, levied for general purposes	129,724,280
Taxes levied for other specific purposes - debt service	65,402,129
Federal and State financial aid grants	167,886,006
Lottery, state taxes, and other revenues	27,157,536
Investment income	34,192,351
Interest expense and service charges on capital related debt	(7,664,651)
Investment income on capital asset-related debt, net	2,864,356
Other nonoperating revenue - gifts	2,802,559
Total nonoperating revenues (expenses)	689,311,008
Income Before Other Revenues and Losses	117,615,568
Other Revenues and Losses	
State revenues, capital	13,818,896
Gain on sale of capital assets	30,604
Total other revenues and losses	13,849,500
Change In Net Position	131,465,068
Net Position, Beginning of Year, as previously reported	815,286,348
Adjustments (Note 13)	(22,992,837)
Net Position, Beginning of Year, as restated	792,293,511
Net Position, End of Year	$ 923,758,579

Operating Activities	
Tuition and fees	$ 26,984,314
Federal, state, and local grants and contracts, noncapital	140,707,082
Payments to or on behalf of employees	(460,703,361)
Payments to vendors for supplies and services	(117,306,014)
Payments to students for scholarships and grants	(179,899,743)
Other operating receipts	2,853,104
Net cash flows used by operating activities	(587,364,618)
Noncapital Financing Activities	
State apportionments	267,734,740
Federal and state financial aid grants	167,886,006
Property taxes - nondebt related	129,724,280
State taxes and other apportionments	30,473,462
Other nonoperating payments	5,621,432
Net cash flows provided by noncapital financing activities	601,439,920
Capital Financing Activities	
Purchase of capital assets	(114,302,956)
Proceeds from capital debt	113,322,647
Proceeds from sale of capital assets	34,106
State revenue, capital	7,360,093
Property taxes - related to capital debt	65,402,129
Principal paid on capital debt	(151,327,200)
Interest paid on capital debt	(15,451,827)
Interest received on capital asset-related debt	2,864,356
Net cash flows used by capital financing activities	(92,098,652)
Investing Activities	
Proceeds from sale of investments	58,469,610
Interest received from investments	34,541,463
Net cash flows provided by investing activities	93,011,073
Change In Cash and Cash Equivalents	14,987,723
Cash and Cash Equivalents, Beginning of Year	770,940,846
Cash and Cash Equivalents, End of Year	$ 785,928,569

Reconciliation of Net Operating Loss to Net Cash Flows Used by Operating Activities	
Operating Loss	$ (571,695,440)
Adjustments to reconcile operating loss to net cash flows used by operating activities	
Depreciation and amortization expense	26,971,362
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable, net	(1,449,774)
Prepaid expenses and other assets	(2,532,855)
Net OPEB asset	(2,698,380)
Deferred outflows of resources related to OPEB	11,299,691
Deferred outflows of resources related to pensions	(6,088,748)
Accounts payable, payroll and related liabilities	(14,803,642)
Unearned revenue	(2,403,218)
Compensated absences	4,453,719
Claims liability	(622,417)
Net OPEB liability	(87,674)
Aggregate net pension liability	(16,009,943)
Deferred inflows of resources related to OPEB	(8,714,257)
Deferred inflows of resources related to pensions	(2,983,042)
Total adjustments	(15,669,178)
Net cash flows used by operating activities	$ (587,364,618)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 18,134,630
Cash in county treasury	767,793,939
Total cash and cash equivalents	$ 785,928,569
Noncash Transactions	
Recognition of deferred inflows of resources related to debt refunding	$ 3,022,533
Amortization of deferred inflows of resources related to debt refunding	$ 246,646
Amortization of debt premium	$ 4,935,505

	Retiree OPEB Trust	Custodial Funds
Assets		
Deposits and investments	$ -	$ 852,019
Restricted investments	174,467,277	-
Accounts receivable	-	4,591
Due from primary government	880,300	-
Total assets	$ 175,347,577	$ 856,610
Liabilities		
Accounts payable	$ 56,850	$ 38,955
Due to primary government	-	1,519
Total liabilities	56,850	40,474
Net Position		
Restricted for postemployment benefits other than pensions	175,290,727	-
Unrestricted	-	816,136
Total net position	$ 175,290,727	$ 816,136

	Retiree OPEB Trust	Custodial Funds
Additions		
District contributions	$ 4,080,299	$ -
Interest and investment income	97,765	11,005
Net realized and unrealized gains	14,322,170	1,977
Local revenues	-	500,691
Total additions	18,500,234	513,673
Deductions		
Services and operating expenditures	-	586,486
Benefit payments	4,624,736	-
Administrative expenses	220,469	-
Total deductions	4,845,205	586,486
Change in Net Position	13,655,029	(72,813)
Net Position - Beginning of Year	161,635,698	888,949
Net Position - End of Year	$ 175,290,727	$ 816,136

Assets	
Current assets	
Cash	$ 3,076,351
Accounts receivable	163,988
Promises to give, current	92,166
Total current assets	3,332,505
Noncurrent assets	
Investments	28,921,103
Beneficial interest in assets held by the Foundation for California Community Colleges (FCCC)	221,876
Long-term promises to give	296,967
Total noncurrent assets	29,439,946
Total assets	$ 32,772,451
Liabilities and Net Assets	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	$ 42,782
Net Assets	
Without donor restrictions	3,783,802
With donor restrictions	28,945,867
Total net assets	32,729,669
Total liabilities and net assets	$ 32,772,451

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 485,756	$ 5,449,064	$ 5,934,820
Fundraising and events	-	148,394	148,394
District donated in-kind	2,507,571	-	2,507,571
In-kind contributions	601,312	-	601,312
Net assets released from restrictions	4,628,785	(4,628,785)	-
Total support and revenues	8,223,424	968,673	9,192,097
Expenses			
Scholarships	1,521,705	-	1,521,705
College support	4,233,391	-	4,233,391
Grants and sponsorships	619,300	-	619,300
Administrative	1,155,571	-	1,155,571
Fundraising	641,211	-	641,211
Total expenses	8,171,178	-	8,171,178
Other Income			
Investment income, net of fees	603,234	1,904,445	2,507,679
Change in the value of beneficial interest in assets held by the FCCC	-	23,741	23,741
Total other income	603,234	1,928,186	2,531,420
Change in Net Assets	655,480	2,896,859	3,552,339
Net Assets, Beginning of Year	3,128,322	26,049,008	29,177,330
Net Assets, End of Year	$ 3,783,802	$ 28,945,867	$ 32,729,669

Operating Activities	
Contributions for scholarships	$ 4,071,110
Fundraising	148,394
Pledge campaign	1,627,199
Annual fund	128,147
Interest and dividends on investments, net of expenses	875,424
Scholarships awarded	(1,130,165)
Payments to suppliers	(417,716)
Payments for services	(242,834)
Payments for travel, conferences and meetings	(74,722)
Payments for other operating costs	(3,220,117)
Net cash provided by operating activities	1,764,720
Investing Activities	
Proceeds from sales and maturities of investments	7,727,981
Purchases of investments	(9,003,689)
Net cash used by investing activities	(1,275,708)
Net Change in Cash	489,012
Cash, Beginning of Year	2,587,339
Cash, End of Year	$ 3,076,351
Reconciliation of Change in Net Assets to Net Cash Flows Used by Operating Activities	
Change in net assets	$ 3,552,339
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized loss on sale of investments	(333,581)
Net unrealized gain on investments	(1,298,674)
Change in the value of beneficial interest in assets held by the FCCC	(23,741)
Changes in	
Accounts receivable	113,512
Promises to give	(242,217)
Accounts payable	(2,918)
Net Cash Provided by Operating Activities	$ 1,764,720

Note 1 - Organization

Los Rios Community College District (the District) was established on July 1, 1964 and commenced operations on July 1, 1965 as a political subdivision of the State and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates four colleges and six campuses located throughout the areas served in the counties of El Dorado, Placer, Sacramento, Solano, and Yolo. While the District is a political subdivision of the State, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of the Governmental Accounting Standards Board (GASB). The District is classified as a Public Educational Institution under *Internal Revenue Code* Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

GASB provides additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. As defined by accounting principles generally accepted in the United States of America and established by GASB, the financial reporting entity consists of the District as the primary government, and the Los Rios Colleges Foundation (the Foundation) as a component unit.

The Foundation is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 1919 Spanos Court, Sacramento, CA 95825.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the enterprise activities.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on the accrual basis as they are incurred when goods are received or services are rendered.

The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with the County Treasury for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investments in the County treasury and State Local Agency Investment Fund (LAIF) are measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolios determined by the program sponsors. Positions in these investment pools are not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,808,626 for the year ended June 30, 2025.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, buildings and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at fair value or appraised value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 50 years, portables - 15 years, land improvements - 10 years, equipment - 8 years, library books - 5 years, and technology equipment - 3 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. The District reports deferred outflows of resources for OPEB related items and for pension related items. The deferred amounts for OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for debt refunding, OPEB and pension related items. The deferred inflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. Compensated absences include vacation leave, load banking leave, catastrophic leave, and sick leave. The District offers load banking leave to eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District’s financial statements. Retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District’s liability for compensated absences.

Subscription-based IT Arrangements (SBITA)

SBITA liabilities represent the District’s obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/asset, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Pensions

For purposes of measuring the aggregate net pension liability, deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid primarily by the fund in which the employee worked.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenses. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net position categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. None of the District's restricted net position has resulted from enabling legislation adopted by the District.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

The Statement of Net Position – Primary Government reports $160,047,354 of restricted net position, and the fiduciary funds financial statements report $175,290,757 of restricted net position.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and recorded in the District's financial records when received. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The Counties of El Dorado, Placer, Sacramento, Solano, and Yolo bill and collect the taxes on behalf of the District. Local property tax revenues are recorded when received.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the 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 enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

Implementation of GASB Statement No. 102

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

Note 3 - Cash, Cash Equivalents, and Investments

Policies and Practices

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

Investment in County Treasury - In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California *Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

Investment in the Debt Securities - The District has proceeds from general obligation bonds which are temporarily invested by the County of Sacramento, in a non-pooled investment portfolio, until needed for assigned capital expenditures. The investment policy for general obligation bonds is set forth in the bond indenture, which are limited to those authorized by California *Government Code* Section 53061 et seq. The County's own investment policies may impose additional limitations beyond those required by *Government Code*.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, consist of the following:

	Primary Government	Fiduciary Funds
Cash and cash equivalents	$ 11,529,549	$ 432,512
Investments	556,098,945	419,507
Restricted cash and cash equivalents	6,605,081	-
Restricted investments	259,626,255	174,467,277
Total deposits and investments	$ 833,859,830	$ 175,319,296
Cash on hand and in banks	$ 5,213,092	$ 424,287
Cash in revolving	117,500	8,225
Cash awaiting deposit	12,804,038	-
Investments - cash in county treasury	767,793,939	-
Investments - LAIF	5,420,621	419,507
Investments - other	42,510,640	174,467,277
Total deposits and investments	$ 833,859,830	$ 175,319,296

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury Pool, LAIF, Government-sponsored enterprise notes, mutual funds, and other investments.

Segmented Time Distribution

Information about the sensitivity of the fair values of the investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the investments by maturity:

		Maturity in Years	
Investment Type	Fair Value	1-5	>5
Government-sponsored enterprise notes	$ 42,510,640	$ 42,510,640	$ -
County Treasury pool	767,793,939	767,793,939	-
State Local Agency Investment Fund (LAIF)	5,840,128	5,840,128	-
Total	$ 816,144,707	$ 816,144,707	$ -

The District's investments in mutual funds do not have a maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California *Government Code*, the investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Credit Rating
Government-sponsored enterprise notes	$ 42,510,640	AA+
Mutual funds	174,220,448	Not rated
Money market funds	246,829	Not rated
County Treasury pool	767,793,939	Not rated
State Local Agency Investment Fund (LAIF)	5,840,128	Not rated
Total	$ 990,611,984	

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California *Government Code*. At June 30, 2025, no investments in a single issuer represented 5% or more of the total investments.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

As of June 30, 2025, District bank balances of approximately $25.1 million were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 4 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2025:

Investment Type	Fair Value	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Government-sponsored enterprise notes	$ 42,510,640	$ 42,510,640	$ -	$ -
Mutual funds	174,220,448	-	174,220,448	-
Total	$ 216,731,088	$ 42,510,640	$ 174,220,448	$ -

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2025 for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 3,909,886	$ -
State Government		
Apportionment	22,559,254	-
Categorical aid	16,788,151	-
Lottery	3,346,751	-
Local Sources		
Student receivables, net	8,579,187	-
Interest	14,331,134	-
Other local sources	4,800,331	4,591
Total	$ 74,314,694	$ 4,591

Note 6 - Prepaid Expenses

Prepaid expenses at June 30, 2025 consisted of the following:

Education	$ 431,084
Employee benefits	4,446,416
Insurance	183,000
Marketing and advertising	268,299
Technology	3,027,985
Other prepaid expenses	1,674,584
Total	$ 10,031,368

Note 7 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Not Being Depreciated or Amortized				
Land	$ 6,882,123	$ -	$ -	$ 6,882,123
Collections	1,708,275	10,875	-	1,719,150
Construction in progress	222,661,053	82,790,104	(9,321,047)	296,130,110
Total capital assets not being depreciated or amortized	231,251,451	82,800,979	(9,321,047)	304,731,383
Capital Assets Being Depreciated and Amortized				
Site improvements	80,710,206	3,363,170	-	84,073,376
Buildings and improvements	903,447,025	13,349,849	-	916,796,874
Equipment	216,373,731	11,903,114	(3,524)	228,273,321
Library books	7,317,071	836,753	(462,162)	7,691,662
Right-to-use subscription IT assets	2,570,835	-	-	2,570,835
Total capital assets being depreciated or amortized	1,210,418,868	29,452,886	(465,686)	1,239,406,068
Total capital assets	1,441,670,319	112,253,865	(9,786,733)	1,544,137,451
Less Accumulated Depreciation and Amortization				
Site improvements	(71,235,380)	(1,951,683)	-	(73,187,063)
Buildings and improvements	(277,862,593)	(16,290,172)	-	(294,152,765)
Equipment	(190,656,138)	(7,385,175)	22	(198,041,291)
Library books	(5,201,379)	(830,165)	462,162	(5,569,382)
Right-to-use subscription IT assets	(514,167)	(514,167)	-	(1,028,334)
Total accumulated depreciation and amortization	(545,469,657)	(26,971,362)	462,184	(571,978,835)
Total capital assets, net	$ 896,200,662	$ 85,282,503	$ (9,324,549)	$ 972,158,616

Note 8 - Long-Term Liabilities Other than OPEB and Pension

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2025 consisted of the following:

	Balance, July 1, 2024, as Restated	Additions	Deductions	Balance, June 30, 2025	Due in One Year
General obligation bonds	$399,905,000	$ 107,295,000	$ (150,865,000)	$ 356,335,000	$54,020,000
Bond premium	31,210,045	6,027,647	(9,828,558)	27,409,134	4,875,017
Subscription-based IT arrangements	2,001,932	-	(462,200)	1,539,732	486,835
Compensated absences	53,057,044	4,453,719	-	57,510,763	6,990,744
Total	$486,174,021	$ 117,776,366	$ (161,155,758)	$ 442,794,629	$66,372,596

The change in compensated absences is presented as a net change.

Description of Long-Term Liabilities

Payments of the general obligation bonds are made by the bond interest and redemption fund. Payments of the subscription-based IT arrangements are paid for from the Capital Outlay Projects Fund.

General Obligation Bonds

General obligation bonds were approved by local elections in 2002 and 2008. The total amount approved by the voters was $740,000,000. Through June 30, 2025, $740,000,000 had been issued. Interest rates on the bonds range from 0.12% to 5.00%.

In August 2024, the District authorized the sale and issuance of the 2024 General Obligation Refunding Bonds Series A and Series B in the amounts of $12,870,000 and $43,720,000, respectively. Proceeds from the sale of the bonds were used to advance refund a portion of the District's General Obligation Bonds, Election of 2002, Series E, and General Obligation Bonds, Election of 2008, Series B, and to pay costs of issuing the bonds. The refunding resulted in an economic gain of $8,305,467 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.36%.

In June 2025, the District authorized the sale and issuance of the 2025 General Obligation Refunding Bonds in the amount of $40,705,000. Proceeds from the sale of the bonds were used to advance refund a portion of the District's General Obligation Bonds, Election of 2008, Series C and to pay costs of issuing the bonds. The refunding resulted in an economic gain of $972,128 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.62%.

In June 2025, the District issued General Obligation Bonds, Election of 2008, Series F, which consisted of current interest serial bonds with an initial par amount of $10,000,000, and interest rate of 5.00% maturing through August 1, 2028.

The outstanding general obligation bond debt is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Refunding Issue	Bonds Outstanding, July 1, 2024	Issued	Redeemed	Bonds Outstanding, June 30, 2025
Measure A									
2022 Series E	6/27/2013	8/1/2038	2.00-5.00%	$ 20,000,000	$ -	$ 13,975,000	$ -	$ (13,975,000)	$ -
2016 Refunding	4/21/2016	8/1/2026	2.00-5.00%	-	39,315,000	14,415,000	-	(4,495,000)	9,920,000
2020 Refunding	6/11/2020	8/1/2027	1.32%	-	10,945,000	6,570,000	-	(1,285,000)	5,285,000
2021 Refunding	7/1/2021	8/1/2027	4.00%	-	16,755,000	13,195,000	-	(3,130,000)	10,065,000
2022 Refunding	6/28/2022	8/1/2030	4.00-5.00%	-	31,590,000	28,030,000	-	(2,975,000)	25,055,000
2024 Refunding	8/20/2024	8/1/2026	5.00%	-	12,870,000	-	12,870,000	-	12,870,000
	Total Measure A			20,000,000	111,475,000	76,185,000	12,870,000	(25,860,000)	63,195,000
Measure M									
2008 Series B	6/27/2013	8/1/2038	2.00-5.00%	60,000,000	-	47,800,000	-	(47,800,000)	-
2008 Series C	1/25/2018	8/1/2032	2.00-4.00%	65,000,000	-	50,440,000	-	(46,100,000)	4,340,000
2008 Series D	6/26/2019	8/1/2044	4.00-5.00%	80,000,000	-	39,190,000	-	-	39,190,000
2017 Refunding	11/30/2017	8/1/2035	2.00-5.00%	-	106,850,000	104,070,000	-	(3,800,000)	100,270,000
2008 Series E	7/1/2021	8/1/2035	0.12-3.00%	130,000,000	-	82,220,000	-	(27,305,000)	54,915,000
2024 Refunding	8/20/2024	8/1/2027	5.00%	-	43,720,000	-	43,720,000	-	43,720,000
2008 Series F	6/3/2025	8/1/2028	5.00%	10,000,000	-	-	10,000,000	-	10,000,000
2025 Refunding	6/3/2025	8/1/2028	5.00%	-	40,705,000	-	40,705,000	-	40,705,000
	Total Measure M			345,000,000	191,275,000	323,720,000	94,425,000	(125,005,000)	293,140,000
				$365,000,000	$ 302,750,000	$ 399,905,000	$ 107,295,000	$ (150,865,000)	$ 356,335,000

Debt Maturity

General Obligation Bonds

The outstanding general obligation bonds mature through 2045 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2026	$ 54,020,000	$ 13,205,558	$ 67,225,558
2027	56,780,000	11,811,569	68,591,569
2028	62,905,000	8,938,439	71,843,439
2029	36,625,000	6,521,775	43,146,775
2030	13,220,000	5,298,850	18,518,850
2031-2035	78,910,000	17,178,775	96,088,775
2036-2040	28,855,000	5,267,400	34,122,400
2041-2045	25,020,000	1,975,500	26,995,500
Total	$ 356,335,000	$ 70,197,866	$ 426,532,866

Subscription-Based IT Arrangement (SBITA)

The District entered into an SBITA for the use of Salesforce software. At June 30, 2025, the District has recognized a right-to-use subscription IT asset, net of accumulated amortization, of $1,542,501 and a SBITA liability of $1,539,732 related to this agreement. During the fiscal year, the District recorded $514,167 in amortization expense and $106,703 in interest expense related to this agreement. The District used a discount rate of 5.33% based on the Secured Overnight Financing Rate (SOFR) as of the contract inception date of August 1, 2023, which approximates the District's estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 486,835	$ 82,068	$ 568,903
2027	512,783	56,120	568,903
2028	540,114	28,789	568,903
Total	$ 1,539,732	$ 166,977	$ 1,706,709

Note 9 - Net Other Postemployment Benefits (OPEB) Liability (Asset)

For the year ended June 30, 2025, the District reported a net OPEB liability (asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ (12,755,982)	$ 14,894,697	$ 14,061,656	$ (112,946)
Medicare Premium Payment (MPP) Program	883,212	-	-	(87,674)
Total	$ (11,872,770)	$ 14,894,697	$ 14,061,656	$ (200,620)

The details of each plan are as follows:

District Plan

OPEB Plan Administration

The District administers the Los Rios Community College District Retiree Health Benefit Plan (OPEB Plan), a single-employer defined benefit healthcare plan. The Board established the Los Rios Community College District Retiree Health Benefits Trust (OPEB Trust). The Board appointed the members of the Los Rios Community College District Retiree Health Benefits Trust Oversight Committee (Committee) to manage, direct and control the OPEB Trust. The Committee members consist of the Executive Vice Chancellor, Finance and Administration, Director, Accounting Services, the Confidential Senior Financial Analyst and two members of the District's Insurance Review Committee. The Board appointed Principal Asset Management to serve as the trustee and investment manager of the OPEB Trust. The OPEB Trust is used for the purposes of investment and disbursement of funds irrevocably designated by the District to fund future other post-employment benefits (OPEB).

OPEB Trust Financial Report

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued OPEB Trust financial report, which may be obtained from the District.

OPEB Plan Membership

As of the valuation date, June 30, 2023, the OPEB Plan membership consisted of the following:

Retired employees receiving benefits	1,114
Retired employees entitled to but not receiving benefits	69
Participating active employees	2,204
Total	3,387

Contributions

The District provides contributions on a pay-as-you-go basis and contributes to the OPEB Trust. The contribution requirements of the District are established and may be amended by the Board and by contractual agreement with employee groups. The District's OPEB Plan members are not required to contribute to the OPEB Plan. During the year ended June 30, 2025, the District contributed $4,320,969 in current benefit payments.

Benefits Provided

The District's benefits provided to retirees are based on *Government Code* sections collectively known as Public Employees' Medical & Hospital Care Act (PHMHCA), which vary among different collective bargaining agreements. The following is a description of the current OPEB Plan benefits.

	LRCEA	LRSA	LRCFT	SEIU	Management and Confidential
Benefit types provided	Medical only	Medical only	Medical only	Medical only	Medical only
Duration of benefits	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime
Required years of service					
Prior to 2/1/89	3				
Prior to 6/30/84					3
Prior to 6/30/90		10	10	7	
7/1/84-6/30/90					7
2/1/89-6/30/90	7				
7/1/90-8/31/93	12				
7/1/90-12/31/12					10
7/1/90-current		15	15	15	
9/1/93-current	15				
1/1/13-current					15
Minimum age	55	55	55	55	55
Current District monthly contribution	$367	$367	$367	$367	$367

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Funding method	Entry-age normal cost, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	5.75%
General inflation rate	2.50%
Salary increases [1]	3.00%
Long-term return on assets [2]	5.75%
Health care cost trends rates	6.5% in 2025, decreasing to 3.90% by 2075
Mortality	CalPERS 2021 study; CalSTRS 2024 Study
Mortality improvement	MacLeod Watts Scale 2022

[1] Since benefits do not depend on salary, this is only used to allocate the costs of benefits between service years.

[2] Net of Plan investment expense; includes inflation

The long-term expected rate of return on the OPEB 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 the OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and added expected inflation. Best estimates of arithmetic real rates of return included in the target asset allocation as of June 30, 2024 are summarized in the following table:

Portfolio Mix	Long-Term Expected Real Rate of Return
1-Year	5.97%
3-Year	5.82%
5-Year	5.79%
10-Year	5.77%
20-Year	5.76%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District continues to make regular, sufficient contributions to the OPEB Trust in order to prefund the total OPEB liability. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current OPEB Plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance, June 30, 2023	$ 140,674,557	$ 150,732,159	$ (10,057,602)
Service cost	4,315,327	-	4,315,327
Interest	8,212,638	-	8,212,638
Contributions - employer	-	4,320,969	(4,320,969)
Net investment income	-	8,661,403	(8,661,403)
Differences between projected and actual earnings on OPEB plan investments	-	2,440,255	(2,440,255)
Benefit payments	(4,322,806)	(4,322,806)	-
Administrative expense	-	(196,282)	196,282
Net change in net OPEB liability (asset)	8,205,159	10,903,539	(2,698,380)
Balance, June 30, 2024	$ 148,879,716	$ 161,635,698	$ (12,755,982)

There were no changes of economic assumptions or changes in benefit terms since the previous valuation.

Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	Net OPEB Liability/(Asset)
1% decrease (4.75%)	$ 9,851,399
Current discount rate (5.75%)	(12,755,982)
1% increase (6.75%)	(31,189,751)

Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability/(asset) of the District, as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability/(Asset)
1% decrease (5.50% decreasing to 2.90%)	$ (33,417,947)
Current healthcare cost trend rates (6.50% decreasing to 3.90%)	(12,755,982)
1% increase (7.50% decreasing to 4.90%)	13,189,393

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 4,531,446	$ -
Differences between expected and actual experience	938,388	3,972,778
Changes of assumptions	2,891,309	10,088,878
Net difference between projected and actual earnings on OPEB plan investments	6,533,554	-
Total	$ 14,894,697	$ 14,061,656

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the subsequent fiscal year. All other deferred outflows/(inflows) of resources related to differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings on OPEB Plan investments will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 501,494
2027	3,076,536
2028	(2,203,510)
2029	(3,190,579)
2030	(1,882,346)
Total	$ (3,698,405)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of $883,212 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.3314% and 0.3200%, respectively, resulting in a net increase of 0.0114% in the proportionate share.

For the year ended June 30, 2025, the District recognized OPEB expense of ($87,674).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.93%
Medicare Part A Premium Cost Trend Rate	5.00%
Medicare Part B Premium Cost Trend Rate	6.50%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 952,963
Current discount rate (3.93%)	883,212
1% increase (4.93%)	821,877

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 818,201
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	883,212
1% increase (6.00% Part A and 7.50% Part B)	955,793

Note 10 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District participates in Statewide Association of Community Colleges (SWACC), a risk pooling solution, for excess coverage at a Member Retained Limit (MRL) of $250,000 per occurrence for property and $1,000,000 per occurrence for liability. The District self-insures its property claims up to $100,000 per occurrence and liability claims up to $250,000 per occurrence. SWACC pools for the first $250,000 of a property loss including the MRL and purchases reinsurance for property claims up to $235,000,000 in excess of $15,250,000. SWACC pools for the first $1,000,000 of a liability loss including the MRL and purchases reinsurance for liability claims up to $24 million excess of $1 million including member's MRL. SWACC also offers members of the program an additional $25 million in excess liability coverage for excess liability limits to $50 million. The District is self-insured for workers' compensation claims on the first $500,000 of each claim.

SWACC also provides for additional insurance and risk management programs and services as well as a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self insurance for losses and other insurance and risk management programs and services.

Workers' Compensation

The District is self-insured for workers' compensation claims on the first $500,000 of each claim. Coverage in excess of self-insurance limits for workers' compensation is purchased through an insurance broker.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate costs of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

	Total
Liability Balance, July 1, 2023	$ 11,669,640
Claims and changes in estimates	5,700,604
Claims payments	(2,653,938)
Liability Balance, June 30, 2024	14,716,306
Claims and changes in estimates	4,577,958
Claims payments	(5,200,375)
Liability Balance, June 30, 2025	$ 14,093,889
Assets available to pay claims at June 30, 2025	$ 14,648,320

Note 11 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the year ended June 30, 2025, the District reported its proportionate share of aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 152,553,546	$ 64,194,007	$ 35,865,987	$ 12,531,751
CalPERS	183,102,281	56,587,140	7,418,599	26,210,492
Total	$ 335,655,827	$ 120,781,147	$ 43,284,586	$ 38,742,243

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

CalSTRS Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://wwww.calstrs.com/forms-publications.

CalSTRS 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% 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.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

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

CalSTRS Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are 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 California Assembly Bill 1469, employer contributions into the CalSTRS were to increase to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were $33,746,930.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 152,553,546
State's proportionate share of net pension liability associated with the District	69,992,092
Total	$ 222,545,638

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.2271% and 0.2163%, respectively, resulting in a net increase of 0.0108% in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of $12,531,751. In addition, the District recognized pension expense and revenue of $6,371,961 for support provided by the State. At June 30, 2025, 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
Pension contributions subsequent to measurement date	$ 33,746,930	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,523,518	18,160,483
Differences between projected and actual earnings on pension plan investments	-	615,547
Differences between expected and actual experience in the measurement of the total pension liability	17,255,770	6,671,079
Changes of assumptions	667,789	10,418,878
Total	$ 64,194,007	$ 35,865,987

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 inflows of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (10,226,756)
2027	12,316,816
2028	(1,004,901)
2029	(1,700,706)
Total	$ (615,547)

The deferred outflow/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (2,927,516)
2027	(1,270,982)
2028	(3,808,638)
2029	350,041
2030	2,352,839
Thereafter	500,893
Total	$ (4,803,363)

CalSTRS Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

CalSTRS Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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%) 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:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 271,342,839
Current discount rate (7.10%)	152,553,546
1% increase (8.10%)	53,359,557

California Public Employees' Retirement System (CalPERS)

CalPERS Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

CalPERS 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 School Employer Pool provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

CalPERS 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, 2025, are presented above, and the total District contributions were $30,077,046.

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

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling $183,102,281. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, was 0.5123% and 0.5164%, respectively, resulting in a net decrease in the proportionate share of 0.0041%.

For the year ended June 30, 2025, the District recognized pension expense of $26,210,492. At June 30, 2025, 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
Pension contributions subsequent to measurement date	$ 30,077,046	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	6,108,142
Differences between projected and actual earnings on pension plan investments	7,112,466	-
Differences between expected and actual experience in the measurement of the total pension liability	15,350,449	1,310,457
Changes of assumptions	4,047,179	-
Total	$ 56,587,140	$ 7,418,599

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (61,314)
2027	11,058,268
2028	(1,633,996)
2029	(2,250,492)
Total	$ 7,112,466

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 4,948,439
2027	3,871,152
2028	3,159,438
Total	$ 11,979,029

CalPERS Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

CalPERS Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the SEP investments 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:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 271,999,967
Current discount rate (6.90%)	183,102,281
1% increase (7.90%)	109,665,717

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $15,284,220 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Tax Deferred Compensation

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Public Agency Retirement Services (PARS) system as its alternative plan.

The District offers its employees a Public Agency Retirement System (PARS) administered 457 Deferred Compensation Program (the Program). The Plan participants are individuals employed in certain classified assignments who have worked for the District on or after July 1, 2008, provided that they are not covered by any other retirement program such as CalPERS or CalSTRS through District employment. The Plan requires a contribution of at least 7.5% of wages. The Contribution is split evenly with the employees contributing 3.75% and the District contributing 3.75%. The plan results in savings for both employees and the District. The District's contribution to the Plan for the year ended June 30, 2025 was $458,312. Accounts are established in the name of each participant. Contributions are allocated directly to employee accounts. Participant account balances are fully vested and non-forfeitable. Participant account balances will be paid in a single distribution or direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. PARS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PARS annual financial report may be obtained from PARS, 5141 California Avenue, Suite 150, Irvine, California 92617-3069.

The District also contributes to the Los Rios Community College District 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

Note 12 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

Construction Commitments

As of June 30, 2025, the District had $30.1 million of commitments with respect to its unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Lease Revenue Bonds

The District and the State have entered into financing arrangements under which the State provides funds for the construction of certain facilities. The funds are proceeds from lease revenue bonds issued by the State of California, Public Works Board (the Board). The bonds are a special obligation of the Board payable from State General Fund revenues appropriated to the California Community Colleges Board of Governors who therein made adequate provision in the annual budget of the State for the debt services of such bonds. However, in the unlikely event that the State is unable to pay the semi-annual installment payment, the District would be responsible for the payments attributable to the District's facilities. No amounts had been accrued for any contingent payments at June 30, 2025.

These facilities are included in the District's capital assets on the Statement of Net Position. The Board leases the facilities contributed with these bonds to the District. Upon full repayment of the associated bonds, title to the facilities conveys to the District. The following facilities that were constructed under the provisions described above and have minimum annual payments remaining at June 30, 2025 were as follows:

Facility	Bond Debt Service Period	Proceeds from State	Funding Year	Minimum Annual Debt Service Payments
Folsom Lake College Instructional Facilities IB	2005-2030	$36,841,000	2001-02	$809,709 to $2,499,000

Note 13 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard update the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by $4,434,872 and $18,557,965, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table.

Primary Government	
Net Position - Beginning, as previously reported on July 1, 2024	$ 815,286,348
Change in accounting principle - adoption of GASB Statement No. 101	(22,992,837)
Net Position - Beginning, as restated on July 1, 2024	$ 792,293,511

Required Supplementary Information
June 30, 2025

Los Rios Community College District

Los Rios Community College District

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

Year Ended June 30, 2025

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	$ 4,315,327	$ 4,982,166	$ 4,837,054	$ 4,419,126	$ 4,280,025
Interest	8,212,638	7,700,475	7,286,908	6,503,415	6,158,278
Difference between expected and actual experience	-	(5,677,832)	-	1,613,779	-
Changes of assumptions	-	(13,316,760)	-	6,586,273	-
Benefit payments	(4,322,806)	(4,081,641)	(3,913,850)	(3,827,446)	(3,521,891)
Net change in total OPEB liability	8,205,159	(10,393,592)	8,210,112	15,295,147	6,916,412
Total OPEB Liability - Beginning	140,674,557	151,068,149	142,858,037	127,562,890	120,646,478
Total OPEB Liability - Ending (a)	$ 148,879,716	$ 140,674,557	$ 151,068,149	$ 142,858,037	$ 127,562,890
Plan Fiduciary Net Position					
Contributions - employer	$ 4,320,969	$ 4,227,560	$ 4,326,584	$ 4,189,977	$ 4,054,415
Net investment income (loss)	8,661,403	7,251,120	(18,914,670)	18,611,611	9,750,674
Administrative expense	(196,282)	(196,282)	(219,080)	(223,155)	206,516
Differences between projected and actual earnings on OPEB plan investments	2,440,255	-	-	-	-
Benefit payments	(4,322,806)	(4,081,641)	(3,913,850)	(3,827,446)	(3,521,891)
Net change in plan fiduciary net position	10,903,539	7,200,757	(18,721,016)	18,750,987	10,489,714
Plan Fiduciary Net Position - Beginning	150,732,159	143,531,402	162,252,418	143,501,431	133,011,717
Plan Fiduciary Net Position - Ending (b)	$ 161,635,698	$ 150,732,159	$ 143,531,402	$ 162,252,418	$ 143,501,431
Net OPEB Liability (Asset) - Ending (a) - (b)	$ (12,755,982)	$ (10,057,602)	$ 7,536,747	$ (19,394,381)	$ (15,938,541)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.57%	107.15%	95.01%	113.58%	112.49%
Covered Employee Payroll	$ 258,469,111	$ 230,966,535	$ 221,736,315	$ 215,277,976	$ 232,823,656
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	-4.94%	-4.35%	3.40%	9.01%	6.85%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,043,603	$ 3,977,329	$ 3,852,135
Interest	5,986,421	5,471,925	5,163,916
Difference between expected and actual experience	914,153	3,910,439	-
Changes of assumptions	(4,443,284)	-	-
Benefit payments	(3,078,482)	(3,193,580)	(2,768,581)
Net change in total OPEB liability	3,422,411	10,166,113	6,247,470
Total OPEB Liability - Beginning	117,224,067	107,057,954	100,810,484
Total OPEB Liability - Ending (a)	$ 120,646,478	$ 117,224,067	$ 107,057,954
Plan Fiduciary Net Position			
Contributions - employer	$ 5,553,625	$ 3,377,713	$ 3,351,026
Net investment income	9,171,241	4,723,266	7,044,472
Administrative expense	(209,726)	-	-
Differences between projected and actual earnings on OPEB plan investments	-	-	-
Benefit payments	(3,078,482)	(3,193,580)	(2,768,581)
Net change in plan fiduciary net position	11,436,658	4,907,399	7,626,917
Plan Fiduciary Net Position - Beginning	121,575,059	116,667,660	109,040,743
Plan Fiduciary Net Position - Ending (b)	$ 133,011,717	$ 121,575,059	$ 116,667,660
Net OPEB Asset - Ending (a) - (b)	$ (12,365,239)	$ (4,350,992)	$ (9,609,706)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.25%	103.71%	108.98%
Covered Employee Payroll	$ 214,374,721	$ 218,057,096	$ 206,563,055
Net OPEB Asset as a Percentage of Covered Employee Payroll	5.77%	2.00%	4.65%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

Los Rios Community College District

Schedule of District Contributions for OPEB

Year Ended June 30, 2025

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 3,961,972	$ 4,131,641	$ 3,955,501	$ 4,185,941	$ 4,011,487
Contribution in relation to the actuarially determined contribution	4,531,446	4,320,969	4,227,560	4,326,584	4,189,977
Contribution deficiency (excess)	$ (569,474)	$ (189,328)	$ (272,059)	$ (140,643)	$ (178,490)
Covered payroll	$ 334,026,507	$ 258,469,111	$ 230,966,535	$ 221,736,315	$ 215,277,976
Contributions as a percentage of covered payroll	1.36%	1.67%	1.83%	1.95%	1.95%

	2020	2019	2018
Actuarially determined contribution	$ 3,955,463	$ 1,011,340	$ -
Contribution in relation to the actuarially determined contribution	4,054,415	5,553,625	3,377,713
Contribution deficiency (excess)	$ (98,952)	$ (4,542,285)	$ (3,377,713)
Covered payroll	$ 232,823,656	$ 214,374,721	$ 218,057,096
Contributions as a percentage of covered payroll	1.74%	2.59%	1.55%

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

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.3314%	0.3200%	0.3347%	0.3491%
Proportionate share of the net OPEB liability	$ 883,212	$ 970,886	$ 1,102,470	$ 1,392,487
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-1.02%	-0.96%	-0.94%	-0.80%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

	2025	2024	2023	2022	2021
CalSTRS					
Proportion of the net pension liability	0.2271%	0.2163%	0.2230%	0.2323%	0.2542%
Proportionate share of the net pension liability	$ 152,553,546	$ 164,750,361	$ 154,954,492	$ 105,693,459	$ 246,350,963
State's proportionate share of the net pension liability associated with the District	69,992,092	78,936,531	77,600,604	53,180,849	126,993,951
Total	$ 222,545,638	$ 243,686,892	$ 232,555,096	$ 158,874,308	$ 373,344,914
Covered payroll	$ 153,360,513	$ 141,000,827	$ 129,220,160	$ 133,531,342	$ 144,073,749
Proportionate share of the net pension liability as a percentage of its covered payroll	99.47%	116.84%	119.92%	79.15%	170.99%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
CalPERS					
Proportion of the net pension liability	0.5123%	0.5164%	0.5424%	0.5699%	0.5894%
Proportionate share of the net pension liability	$ 183,102,281	$ 186,915,409	$ 186,623,866	$ 115,885,337	$ 180,835,055
Covered payroll	$ 101,246,582	$ 89,460,749	$ 86,242,855	$ 81,746,634	$ 88,750,177
Proportionate share of the net pension liability as a percentage of its covered payroll	180.85%	208.94%	216.39%	141.76%	203.76%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
CalSTRS					
Proportion of the net pension liability	0.2331%	0.2436%	0.2361%	0.2512%	0.2540%
Proportionate share of the net pension liability	$ 210,565,033	$ 223,885,883	$ 218,378,653	$ 203,170,928	$ 171,002,960
State's proportionate share of the net pension liability associated with the District	114,877,283	128,185,139	129,190,966	115,661,585	90,496,390
Total	$ 325,442,316	$ 352,071,022	$ 347,569,619	$ 318,832,513	$ 261,499,350
Covered payroll	$ 132,829,695	$ 135,556,788	$ 129,143,886	$ 128,872,601	$ 119,125,206
Proportionate share of the net pension liability as a percentage of its covered payroll	158.52%	165.16%	169.10%	157.65%	143.55%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS					
Proportion of the net pension liability	0.5837%	0.5953%	0.5793%	0.6079%	0.6383%
Proportionate share of the net pension liability	$ 170,117,949	$ 158,720,637	$ 138,304,139	$ 120,060,427	$ 94,086,050
Covered payroll	$ 81,545,026	$ 82,500,308	$ 77,419,169	$ 76,206,257	$ 71,316,255
Proportionate share of the net pension liability as a percentage of its covered payroll	208.62%	192.39%	178.64%	157.55%	131.93%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

	2025	2024	2023	2022	2021
CalSTRS					
Contractually required contribution	$ 33,746,930	$ 29,291,858	$ 26,931,158	$ 21,864,051	$ 21,633,010
Contributions in relation to the contractually required contribution	(33,746,930)	(29,291,858)	(26,931,158)	(21,864,051)	(21,633,010)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$176,685,497	$153,360,513	$141,000,827	$129,220,160	$133,531,342
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%
CalPERS					
Contractually required contribution	$ 30,077,046	$ 27,012,588	$ 22,696,192	$ 19,758,238	$ 16,896,695
Contributions in relation to the contractually required contribution	(30,077,046)	(27,012,588)	(22,696,192)	(19,758,238)	(16,896,695)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$111,190,558	$101,246,582	$ 89,460,749	$ 86,242,855	$ 81,746,634
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
CalSTRS					
Contractually required contribution	$ 24,641,228	$ 21,585,563	$ 19,566,444	$ 16,500,606	$ 12,979,900
Contributions in relation to the contractually required contribution	(24,641,228)	(21,585,563)	(19,566,444)	(16,500,606)	(12,979,900)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$144,073,749	$132,829,695	$135,556,788	$129,143,886	$128,872,601
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%
CalPERS					
Contractually required contribution	$ 17,475,114	$ 14,619,968	$ 12,730,993	$ 10,751,974	$ 8,635,679
Contributions in relation to the contractually required contribution	(17,475,114)	(14,619,968)	(12,730,993)	(10,751,974)	(8,635,679)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 88,750,177	$ 81,545,026	$ 82,500,308	$ 77,419,169	$ 76,206,257
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability/(asset). 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 in Assumptions* - There were no changes in economic assumptions since the previous valuation.

Schedule of District Contributions for OPEB

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

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumptions was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* - There were no changes in benefit terms for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* - There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of District Contributions for Pension

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

Los Rios Community College District

Los Rios Community College District was established on July 1, 1964 and commenced operations on July 1, 1965. The District's 2,400 square mile service area includes Sacramento County, most of El Dorado County and parts of Yolo, Placer, and Solano counties. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

Board of Trustees as of June 30, 2025

Member	Office	Term Expires
Kelly Wilkerson	President	2028
Deborah Ortiz	Vice President	2026
Dr. Collette Harris-Mathews	Member	2028
Dustin Johnson	Member	2026
John Knight	Member	2028
Robert Jones	Member	2026
Tami Nelson	Member	2028
Brianna Pham	Student Trustee	2026

Administration as of June 30, 2025

Dr. Brian King	Chancellor
Mario Rodriguez	Executive Vice Chancellor, Finance and Administration
Jamey Nye, Ph.D.	Deputy Chancellor

Auxiliary Organizations in Good Standing

Los Rios Colleges Foundation, established 1978
Master Agreement revised/established October 7, 1998
Paula Allison, President

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 101,246,914
Federal Direct Student Loans	84.268		25,729,174
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		3,101,308
Federal Work-Study Program	84.033		1,351,063
Subtotal Student Financial Assistance Cluster			131,428,459
TRIO Cluster			
TRIO Student Support Services	84.042A		259,339
TRIO STEM Student Support Services	84.042A		546,916
TRIO Veterans Student Support Services	84.042A		225,207
TRIO Journey Student Support Services	84.042A		285,830
TRIO Natomas Talent Search Program	84.044A		262,786
TRIO San Juan Unified School District Talent Search Program	84.044A		263,970
TRIO Center Joint Union HSD Talent Search Program	84.044A		252,740
TRIO Upward Bound: Inderkum HS	84.047A		264,153
TRIO Upward Bound: Center HS	84.047A		384,049
TRIO Upward Bound: Monterey Trail and Valley HS	84.047A		311,971
TRIO Upward Bound: Florin HS	84.047A		265,691
TRIO Upward Bound: El Camino HS	84.047M		287,171
Subtotal TRIO Cluster			3,609,823
Hispanic Serving Institutions - Strengthening Institutions	84.031A		457,528
Hispanic Serving Institutions - Strengthening Institutions	84.031S		2,086,276
Hispanic Serving Institutions - STEM and Articulation Program	84.031C		74,000
Subtotal			2,617,804
Child Care Access Means Parents in School (CCAMPIS)	84.335A		873,015
Prison Reentry and Education Program Expansion Project	84.116Z		77,055
Asian American and Native American Pacific Islander Serving Institutions	84.382B		278,263
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	24-C01-230	3,657,265
Perkins V Reserve	84.048	G0333	27,787
Subtotal			3,685,052
Passed through California Department of Rehabilitation			
Workability III	84.126A	29985	243,185
College to Career	84.126A	30501	264,322
Subtotal			507,507
Total U.S. Department of Education			143,076,978
U.S. Department of Agriculture			

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Food and Agriculture			
NIFA Agriculture Dual Enrollment	10.223	38422	$ 6,732
Passed through California Department of Social Services			
Child and Adult Care Food Program	10.558	13666	74,294
Total U.S. Department of Agriculture			81,026
U.S. Department of Commerce			
Passed through University Enterprises, Inc.			
Connecting Minority Communities Pilot Program	11.028	06-09-C13002	81,994
U.S. Department of Labor			
Strengthening Community Colleges	17.261		2,788,103
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	6,947,416
Passed through the Regents of the University of California			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CCSFRF015	9,408
Subtotal			6,956,824
Research and Development Cluster			
U.S. Department of Commerce			
Passed through North Pacific Research Board (NPRB)			
Unallied Science Program	11.472	NA21NMF472 0289	3,190
Department of Defense			
Passed through the Regents of the University of California			
National CAE-C Cybersecurity Workforce Development Program	12.905	[1]	31,076
National Science Foundation			
Sustainable Interdisciplinary Research to Inspire Success II (SIRIUS II)	47.076		16,277
U.S. Department of Health and Human Services			
Passed through the Regents of the University of California			
Bridges to the Baccalaureate	93.859	A24-0223-S001	29,620
Subtotal Research and Development Cluster			80,163

[1] Pass-Through Entity Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Refugee Career Pathways	93.576		$ 449,177
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	15-16-7694	47,971
Subtotal CCDF Cluster			47,971
Passed through Foundation for California Community Colleges			
Independent Living Program	93.674	[1]	22,501
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	358,599
Foster and Kinship Care Education	93.658	[1]	110,850
Passed through Association of Public Health Laboratories			
CDC Partnership: Strengthening Public Health Laboratories	93.322	[1]	8,112
Total U.S. Department of Health and Human Services			997,210
Corporation for National and Community Service			
Americorps	94.066		167,406
Total Federal Financial Assistance			$ 154,229,704

[1] Pass-Through Entity Identifying Number not available.

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program	$ 1,537,552	$ -	$ 987,169	$ 550,383	$ 550,383
Awards for Innovation in Higher Education	488,797	-	488,797	-	-
Basic Needs	6,708,010	2,293	4,056,552	2,653,751	2,653,751
Board Financial Aid Program (BFAP)	4,159,760	-	-	4,159,760	4,159,760
CA Youth Leadership Corps	53,000	-	53,000	-	-
Cal Grant	15,472,188	521,118	-	15,993,306	15,993,306
California Apprenticeship Initiative	76,363	40,131	-	116,494	116,494
California College Promise	3,736,511	-	528,137	3,208,374	3,208,374
California Opportunity Youth Apprenticeship	94,142	19,100	-	113,242	113,242
California Work Opportunity and Responsibility to Kids (CalWORKs)	5,247,281	346,638	3,273,653	2,320,266	2,320,266
Capital Outlay Projects	9,960,622	-	6,509,754	3,450,868	3,450,868
CDF Tax Bailout	254,698	-	-	254,698	254,698
Certified Healthcare Wellness Coach Grant	299,160	-	278,444	20,716	20,716
Child Care Program	2,591,554	3,160	649,543	1,945,171	1,945,171
Classified Professional Development	161,415	-	160,333	1,082	1,082
Common Course Numbering System	3,652,173	-	3,417,914	234,259	234,259
Community College Construction Act of 1980	12,003,157	922,831	2,348,721	10,577,267	10,577,267
Cooperative Agency Resource Education (CARE)	2,022,359	-	547,688	1,474,671	1,474,671
COVID-19 Recovery Block Grant	23,161,639	-	19,055,069	4,106,570	4,106,570
Culturally Responsive Pedagogy and Practice	794,144	-	366,699	427,445	427,445
Disabled Students Program and Services	10,095,919	-	3,596,743	6,499,176	6,499,176
Dream Resource Liaison Support Allocation	994,074	-	469,196	524,878	524,878
Early Education Teacher Development Grant	24,546	35,813	-	60,359	60,359
Economic Development	4,363,562	299,059	2,751,157	1,911,464	1,911,464
Equal Employment Opportunity	568,180	-	455,148	113,032	113,032
Equitable Placement and Completion	2,049,051	-	1,269,061	779,990	779,990
Extended Opportunity Program and Services (EOPS)	9,408,941	-	2,506,648	6,902,293	6,902,293

Program	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Financial Aid Technology	$ 243,215	$ -	$ 8,479	$ 234,736	$ 234,736
Foster Care Education	112,011	114,236	-	226,247	226,247
Guided Pathways	1,503,564	-	796,548	707,016	707,016
Homeless and Housing Insecurity Program	4,293,910	-	4,098,202	195,708	195,708
Information and Communication Technologies (ICT) and Digital Media Regional Director	562,950	-	352,600	210,350	210,350
Information Technology and Cybersecurity	1,102,720	-	977,184	125,536	125,536
Inmate Education Pilot Program / Incarcerated Students Reentry	2,930,611	4,679	2,403,602	531,688	531,688
Innovation and Effectiveness Grant	435,514	-	354,841	80,673	80,673
LGBTQ+ Funding	1,275,651	-	1,065,900	209,751	209,751
Mathematics, Engineering, Science Achievement (MESA)	3,981,160	-	2,920,330	1,060,830	1,060,830
Mental Health Services	3,306,897	-	850,480	2,456,417	2,456,417
Middle College High School Grant (MCHS)	264,368	-	181,734	82,634	82,634
Native American Student Support and Success Program (NASSSP)	5,591,606	-	4,237,499	1,354,107	1,354,107
NextUp	2,986,923	-	1,129,416	1,857,507	1,857,507
Nursing Education	403,422	-	92,495	310,927	310,927
Other	450,244	144,507	283,559	311,192	311,192
Puente Project	635,572	-	493,907	141,665	141,665
Refugee Career Pathways	1,311,480	-	-	1,311,480	1,311,480
Sacramento K-16 Collaborative	11,831,626	33,493	7,541,965	4,323,154	4,323,154
SFRF Emergency Financial Assistance Supplemental	895,775	-	645,775	250,000	250,000
State Instructional Equipment Funds (SIEF)	6,554,952	-	4,787,685	1,767,267	1,767,267
State On-Behalf Payments CalSTRS	1,408,757	-	-	1,408,757	1,408,757
Strong Workforce Program	27,575,556	14,098,216	24,705,725	16,968,047	16,968,047
Student Equity and Achievement Program	34,528,201	194,024	10,845,039	23,877,186	23,877,186
Student Housing Feasibility	75,205	-	75,205	-	-
Student Retention and Enrollment Outreach	5,666,970	-	2,473,864	3,193,106	3,193,106
Student Success Completion Grant	14,441,629	8,853	-	14,450,482	14,450,482

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Student Transfer Achievement Reform Act	$ 2,220,020	$ -	$ 1,314,176	$ 905,844	$ 905,844
Transfer and Articulation - Ethnic Studies	150,339	-	42,136	108,203	108,203
Umoja Campus Programs	516,644	-	313,503	203,141	203,141
Veterans Resource Center	1,049,236	-	517,297	531,939	531,939
Zero Textbook Cost Degree Program	3,656,065	-	2,781,314	874,751	874,751
	$ 261,941,591	$ 16,788,151	$ 130,059,886	$ 148,669,856	$ 148,669,856

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit*	-	-	-
2. Credit	1,342.59	-	1,342.59
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit*	-	-	-
2. Credit	604.81	-	604.81
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	15,290.91	-	15,290.91
(b) Daily Census Contact Hours	1,027.77	-	1,027.77
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	53.64	-	53.64
(b) Credit	1,762.74	-	1,762.74
3. Alternative Attendance Accounting Procedures Courses			
(a) Weekly Census Procedure Courses	19,144.98	-	19,144.98
(b) Daily Census Procedure Courses	5,773.03	-	5,773.03
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	45,000.47	-	45,000.47
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,288.18	-	1,288.18
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	-	-	-
2. Credit	1,335.31	-	1,335.31
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit*	-	-	-
2. Credit	6,656.31	-	6,656.31

*Including Career Development and College Preparation (CDCP) FTES.

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 86,543,218	$ -	$ 86,543,218	$ 86,543,218	$ -	$ 86,543,218
Other	1300	62,819,687	-	62,819,687	62,819,688	-	62,819,688
Total Instructional Salaries		149,362,905	-	149,362,905	149,362,906	-	149,362,906
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	37,206,140	-	37,206,140
Other	1400	-	-	-	3,466,220	-	3,466,220
Total Noninstructional Salaries		-	-	-	40,672,360	-	40,672,360
Total Academic Salaries		149,362,905	-	149,362,905	190,035,266	-	190,035,266
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	74,172,901	-	74,172,901
Other	2300	-	-	-	5,234,678	-	5,234,678
Total Noninstructional Salaries		-	-	-	79,407,579	-	79,407,579
Instructional Aides							
Regular Status	2200	6,140,779	-	6,140,779	6,140,779	-	6,140,779
Other	2400	916,990	-	916,990	916,990	-	916,990
Total Instructional Aides		7,057,769	-	7,057,769	7,057,769	-	7,057,769
Total Classified Salaries		7,057,769	-	7,057,769	86,465,348	-	86,465,348
Employee Benefits	3000	52,731,195	-	52,731,195	105,793,051	-	105,793,051
Supplies and Materials	4000	-	-	-	5,144,330	-	5,144,330
Other Operating Expenses	5000	9,943,336	-	9,943,336	52,303,842	-	52,303,842
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		219,095,205	-	219,095,205	439,741,837	-	439,741,837

See Note to Supplementary Information

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	5,049,117	-	5,049,117
Lottery Expenditures							-
Academic Salaries	1000	4,058,145	-	4,058,145	5,163,201	-	5,163,201
Classified Salaries	2000	167,226	-	167,226	2,204,969	-	2,204,969
Employee Benefits	3000	745,654	-	745,654	1,300,265	-	1,300,265
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,971,025	-	4,971,025	13,717,552	-	13,717,552
Total for ECS 84362, 50% Law		$ 214,124,180	$ -	$ 214,124,180	$ 426,024,285	$ -	$ 426,024,285
% of CEE (Instructional Salary Cost/Total CEE)		50.26%		50.26%	100.00%		100.00%
50% of Current Expense of Education					$ 213,012,142		$ 213,012,142

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 75,384,364
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 75,384,364	$ -	$ -	$ 75,384,364
Total Expenditures for EPA		$ 75,384,364	$ -	$ -	$ 75,384,364
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 216,279,782	
Special Revenue Funds	13,255,606	
Capital Project Funds	311,561,280	
Debt Service Funds	62,385,367	
Proprietary Funds	1,658,345	
Fiduciary Funds	176,106,863	
Total fund balance - all District funds		$ 781,247,243
Amounts held in trust on behalf of others (OPEB Trust and Custodial Funds)		(176,106,863)
The District's investments in the County of Sacramento Investment Pool and the Local Agency Investment Fund are reported at fair market value in the Statement of Net Position.		3,765,269
The net other postemployment benefits (OPEB) asset results from the difference between annual OPEB cost on the accrual basis and OPEB contributions in the governmental funds.		12,755,982
Capital assets and right-to-use subscription IT assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,544,137,451	
Accumulated depreciation and amortization is	(571,978,835)	
Less: capital assets already recorded in proprietary funds	(53,885)	
Total capital assets, net		972,104,731
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	14,894,697	
Deferred outflows of resources related to pensions	120,781,147	
Total deferred outflows of resources		135,675,844

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (383,744,134)	
Subscription-based IT arrangements	(1,539,732)	
Compensated absences	(25,783,575)	
Net OPEB liability	(883,212)	
Aggregate net pension liability	(335,655,827)	
Total long-term liabilities		$ (747,606,480)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to debt refundings	(730,905)	
Deferred inflows of resources related to OPEB	(14,061,656)	
Deferred inflows of resources related to pensions	(43,284,586)	
Total deferred inflows of resources		(58,077,147)
Total net position		$ 923,758,579

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2025.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of *Education Code* Section (ECS) 84362 (50 Percent Law) Calculation

California *Education Code* section 84362 requires the District to expend a minimum of 50% of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2025

Los Rios Community College District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Los Rios Community College District
Sacramento, 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 (*Government Auditing Standards*), the financial statements of the business-type activities, aggregate discretely presented component unit, and fiduciary activities of Los Rios Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated _____________, 2025.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Rancho Cucamonga, California
________________, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Los Rios Community College District
Sacramento, California

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Los Rios Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Los Rios Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Rancho Cucamonga, California
_______________, 2025

Independent Auditor's Report on State Compliance

Board of Trustees
Los Rios Community College District
Sacramento, California

Report on State Compliance

Opinion on State Compliance

We have audited Los Rios Community College District's (the District) compliance with the types of compliance requirements described in the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below for the year ended June 30, 2025.

In our opinion, Los Rios Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation

Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 498	COVID-19 Recovery Block Grant Expenditures

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
______________, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Los Rios Community College District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.063, 84.268, 84.007, 84.033
TRIO Cluster	84.042A, 84.044A, 84.047A, 84.047M
Career and Technical Education Act (CTEA), Title I, Part C	84.048A
Perkins V Reserve	84.048

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.