



Financial Statements  
June 30, 2020

# Los Rios Community College District

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## Independent Auditor's Report

Board of Trustees  
Los Rios Community College District  
Sacramento, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Los Rios Colleges Foundation), and the aggregate remaining fund information of Los Rios Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, the Schedule of Changes in the District's Net OPEB Asset and Related Ratios, the Schedule of District Contributions for OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions for Pensions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
February 4, 2021

# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

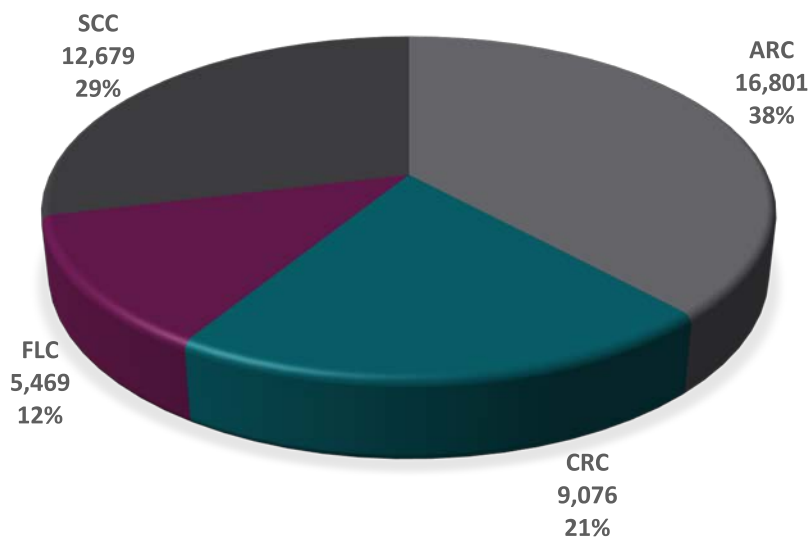
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### DISTRICT BACKGROUND

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 73,000 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.

### DISTRICT ENROLLMENT BY COLLEGE FULL-TIME EQUIVALENT STUDENTS (FTES) 2019-20

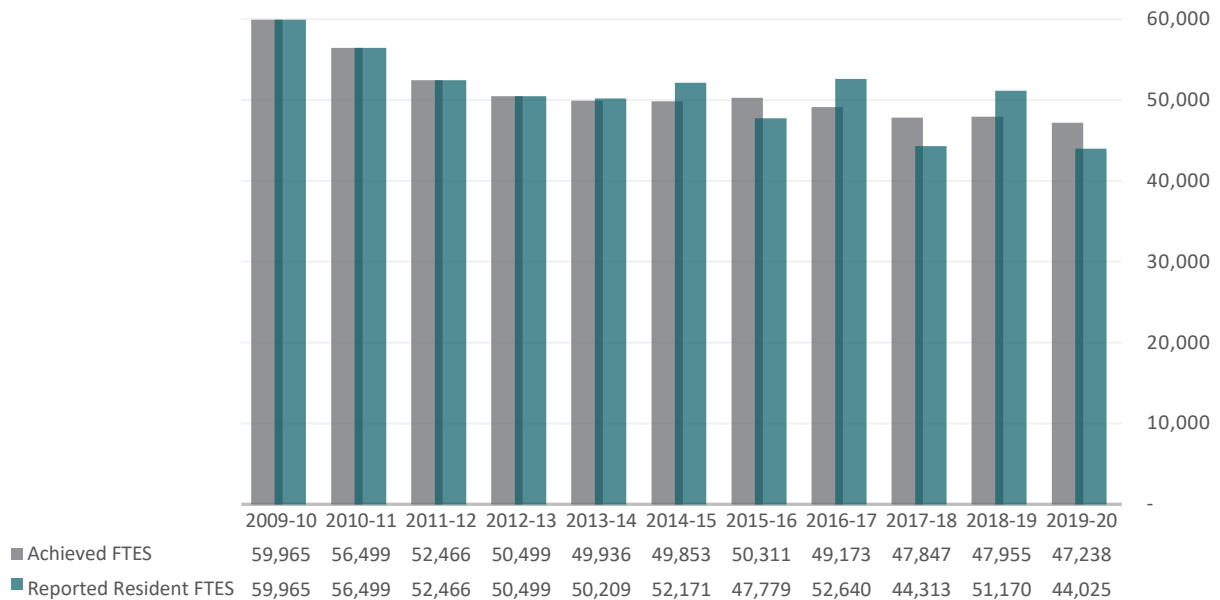


### ATTENDANCE

The District's s achieved attendance in 2019-20 decreased compared to 2018-19 by 1.5%. The District shifted a portion of summer 2019 FTES to 2018-19, but did not shift a portion of summer 2020 FTES to 2019-20. The impacts of COVID-19 on the District's enrollments will not be seen until 2020-21.

Due to many factors, including an improved job market and a decrease in the number of high school graduates, the demand for classes has not returned to the 2009-10 level. The District's enrollment trends are consistent with most districts in the State.

Achieved vs Reported Resident FTES



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



# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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### FINANCIAL HIGHLIGHTS

The Student Centered Funding Formula (SCFF) is the formula used to allocate state general apportionment funding to California's community colleges. SCFF retained the Basic Allocation established under Senate Bill (SB) 361 in the 2006-07 fiscal year, but at a significantly reduced rate. However, SCFF funds districts for outcomes and demographics, providing an incentive to improve students' success, especially students from economically disadvantaged backgrounds. The SCFF allocations for the fiscal year 2019-2020 and their respective weightings consist of:

- Base Allocation (70%) – Similar to the pre-SCFF calculation and 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 eight defined student outcomes aligned with the California Community Colleges Vision for Success, with the highest value assigned to Associate Degrees for Transfer awarded to students who also received a Pell Grant and/or a CCPG.

The SCFF includes a hold harmless provision, which ensures districts receive funding at or above their fiscal year 2017-2018. The 2020 Budget Act extended the SCFF's hold harmless provision by two years, through 2023-24. The District's fiscal year 2019-20 SCFF calculation fell under the hold harmless provision, as SCFF calculated funding (\$317 million) was less than the calculated funding using the hold harmless provision (\$322 million). It is important to take into consideration that SCFF funding is based on the availability of state general apportionment funding. The appropriated state funding projects a revenue deficit of 0.95% due to a shortfall in system-wide property taxes. The District reduced SCFF by \$3.1 million to account for this projected funding deficit.

The District closed the year with unrestricted general fund reserves of \$62 million, or 15% of expenditures, as well as available reserves in its unrestricted capital outlay projects fund. The California Community College Chancellor's Office (CCCCO) recommends a prudent general fund unrestricted reserve of at least 5% of expenditures. Cash balances in the unrestricted general fund and unrestricted capital outlay projects fund is \$202.9 million.

As of June 30, 2020, 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. The District has fully issued Measure A. On June 26, 2019, the District issued the fourth series of Measure M, Series D, for \$80 million for a total Measure M issuance of \$335 million at June 30, 2020. 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 91 capital facility projects, with an additional 24 projects currently in progress. As of June 30, 2020, Measure A was fully expended, and nearly all Measure M funds have been expended or committed.

In response to the ongoing COVID-19 pandemic, the District began 100% remote operations in March 2020. All classes and student services will be offered online through at least the end of the spring 2021 semester. The impact of the COVID-19 pandemic is discussed throughout the MD&A.

# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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### 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 \$338 million.

	2020	2019
<b>ASSETS</b>		
Current assets	\$ 512,125,229	\$ 526,626,091
Noncurrent assets:		
Net OPEB asset	12,365,239	4,350,992
Capital assets, net	738,541,201	708,934,910
<b>Total Assets</b>	<b>1,263,031,669</b>	<b>1,239,911,993</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>116,381,784</b>	<b>132,661,216</b>
<b>LIABILITIES</b>		
Current liabilities	153,001,053	136,980,774
Long-term obligations	850,216,918	892,412,347
<b>Total Liabilities</b>	<b>1,003,217,971</b>	<b>1,029,393,121</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>38,030,493</b>	<b>27,000,594</b>
<b>NET POSITION</b>		
Net investment in capital assets	344,581,636	340,130,605
Restricted	60,649,577	40,992,097
Unrestricted	(67,066,224)	(64,943,208)
<b>Total Net Position</b>	<b>\$ 338,164,989</b>	<b>\$ 316,179,494</b>

# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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A significant factor that contributes to the negative \$67 million unrestricted net position is that the District must recognize a liability for the unfunded pension obligation as soon as the obligation occurs. This is in contrast to how governments budget, which focuses on when a liability will be paid. The chart below illustrates the impact of recognizing the net pension liability (NPL) and the related deferred outflows and inflows related to pensions.

	<b>With the Net Pension Liability and Related</b>	<b>Without the Net Pension Liability and related</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 344,581,636	\$ 344,581,636
Restricted	60,649,577	60,649,577
Unrestricted	(67,066,224)	244,791,161
<b>Total Net Position</b>	<b>\$ 338,164,989</b>	<b>\$ 650,022,374</b>

The District's \$345 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 \$61 million of net position. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on their use.

**LOS RIOS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Statement of Revenues, Expenses, and Changes in Net Position**

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUES</b>		
Net tuition and fees	\$ 26,557,867	\$ 31,100,260
Grants and contracts	197,475,059	177,865,059
Auxiliary sales and charges	15,154,863	18,093,248
Other operating income	4,835,892	3,921,696
<b>Total Operating Revenues</b>	<b>244,023,681</b>	<b>230,980,263</b>
<b>OPERATING EXPENSES</b>		
Salaries	261,278,059	254,316,148
Benefits (including CalPERS, CalSTRS & OPEB)	121,911,708	131,015,160
Supplies, materials, other operating expense and services	82,163,075	81,871,596
Student financial aid	123,449,422	104,531,276
Depreciation	28,952,695	29,283,171
<b>Total Operating Expenses</b>	<b>617,754,959</b>	<b>601,017,351</b>
<b>Loss From Operations</b>	<b>(373,731,278)</b>	<b>(370,037,088)</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
State apportionments and EPA, noncapital	206,815,546	207,192,451
Property taxes	150,795,882	122,062,981
Lottery and other revenue	41,925,744	47,878,379
Net investment income less interest expense	(7,453,196)	(6,285,464)
Other nonoperating revenue (expense)	266,390	373,060
<b>Total Nonoperating Revenue (Expense)</b>	<b>392,350,366</b>	<b>371,221,407</b>
<b>OTHER REVENUE</b>		
State and local capital income	3,366,407	8,580,899
<b>Net Increase in Net Position</b>	<b>\$ 21,985,495</b>	<b>\$ 9,765,218</b>

The decrease in *Net tuition and fees* is primarily due to the impact of the COVID-19 pandemic. In particular, the District issued \$1.4 million in refunds to students who received an excused withdrawal as a result of either their classes being canceled or the student's inability to participate in the newly online or remote classes necessitated by the District's COVID-19 crisis response. The District also provided a partial refund of approximately 56% (\$590 thousand) of all spring 2020 semester parking fees collected, which was based on the number of days left in the term when the District moved to remote operations. In addition, the District did not charge for parking during the summer 2020 term due to the continued conversion to online classes, which is an estimated decrease of approximately \$500 thousand in revenue.

*Grants and contracts*, included in operating revenue, and *student financial aid*, included in operating expenses, increased over the prior year primarily due to the usage of \$8.3 million of CARES ACT Higher Education Emergency Relief Funds (HEERF) and \$8.1 million of additional activity in the student financial aid program.

## LOS RIOS COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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*Auxiliary sales and charges* includes current year bookstore revenue of \$10.1 million and \$5 million from the Harris Center for the Performing Arts (Harris Center). Effective June 1, 2020, the District contracted with an outside vendor, Follett Corporation, to operate the District's physical and online bookstores for all four colleges. As a result of the COVID-19 crisis, the Harris Center temporarily ceased operations in March 2020. These events are the primary cause of the current year decrease in bookstore and Harris Center revenue of \$1.3 million and \$1.6 million, respectively.

The effects of COVID-19, and the corresponding economic realities, limited the District's ability to improve 2019-20 salary schedules for most units retroactively. The only unit with a substantial level of one-time resources was the Los Rios College Federal of Teachers (LRCFT.) This funding is primarily attributed to the state's investment in faculty in two of the past five years, which has been directly allocated to faculty and is consistent with state directives. The LRCFT unit provided funding for a one-time 4% increase to the 2019-20 salary schedule. This increase is in recognition of the state's direct allocation to faculty in recent years, and also recognizes the conversion of courses towards remote operations during the spring 2020 term. In accordance with applicable CalSTRS laws, this increase was considered salary for LRCFT members. *Salaries* increased in the current year primarily due to the one-time LRCFT salary schedule improvement.

The State's on-behalf contributions to employee pension plans are included in *lottery and other revenue and benefits* expense. Accounting standards require equal and opposite reporting via revenue and expense for the on-behalf contributions from the State; therefore, there is no impact to the bottom line (net position) resulting from these transactions. A one-time on-behalf State contribution to CalPERS and CalSTRS was included in the 2019 Budget Act. The District's share of the State's one-time contribution was \$5.4 million and \$5.5 million for CalPERS and CalSTRS, respectively, which was reported in the prior year. In addition, the District's share of the State's ongoing on-behalf contribution to CalSTRS increased by \$1.3 million in the current year. The net impact of the state's on-behalf contributions decreased current year *lottery and other revenue and benefits* expense by \$9.6 million. Conversely, *Lottery and other revenue* increased \$3.5 million due to additional lottery proceeds. Pension and OPEB expense, included in *benefits* expense, decreased by \$2.3 million and increased by \$1.2 million, respectively, due to recording the related liability changes, deferred outflows, and inflows over and above the prior year.

*State apportionments and EPA, noncapital* remained relatively stable due primarily due to the hold harmless provision discussed in the financial highlight section and the increase in the assessed values of property taxes discussed below.

*Property taxes* increased by \$28.6 million. \$5.5 million was due to increased assessed values within the counties the District serves. \$23.2 million was due to increased assessments to cover increasing general obligation bonds debt service payments.

# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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### Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>End of Year</b>
Land, construction in progress & collectibles	\$ 78,530,288	\$ 51,301,247	\$ (15,874,417)	\$ 113,957,118
Site improvements	73,601,453	252,971	-	73,854,424
Buildings and improvements	779,182,543	17,257,615	-	796,440,158
Equipment	186,870,888	5,210,998	(44,145)	192,037,741
Library books	5,841,149	407,010	(459,497)	5,788,662
Subtotal	1,124,026,321	74,429,841	(16,378,059)	1,182,078,103
Accumulated depreciation	(415,091,411)	(28,964,115)	518,624	(443,536,902)
<b>TOTAL</b>	<b>\$ 708,934,910</b>	<b>\$ 45,465,726</b>	<b>\$ (15,859,435)</b>	<b>\$ 738,541,201</b>

Land, construction in progress and collectibles additions were \$51.3 million. The additions are primarily from the following construction projects: modernization of the ARC Liberal Arts building, modernization of SCC Mohr Hall, and the CRC College Center expansion.

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

Equipment additions of \$5.2 million primarily consists of the replacement costs of outdated equipment and equipment purchased to convert to remote operations as a result of COVID-19 pandemic.

### Long-Term Debt

The changes in the District's long-term debt during the fiscal year ended June 30, 2020 consisted of the following:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>End of Year</b>
General obligation bonds	\$ 509,997,889	\$ 10,945,000	\$ (34,822,593)	\$ 486,120,296

General obligation bond activity consisted of a \$10.9 million bond refunding on June 11, 2020. The net present value of this bond refunding savings was \$1.3 million. The remaining activity consisted of regular principal payments and amortization of bond issuance premiums.

# LOS RIOS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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### ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The 2020 Budget Act was affected by the COVID-19 pandemic, which presented a \$54 billion budget shortfall, including a historic level of cash deferrals. The State budget prevented immediate cuts to community college apportionments and categorical programs by deferring approximately \$1.5 billion in funding to 2021-22. As a result of these deferrals, the District must plan to go through much of the 2020-21 fiscal year without the resources in-hand promised by the State. The District has long practiced a prudent budgeting approach, which leaves the District relatively well-positioned to manage the economic uncertainty. The District has begun reducing budgets and managing cash flow to lessen the impacts of the deferrals and minimize the need to secure loans to meet financial obligations.

The first stimulus, Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 29, 2020. The District received CARES Act grant funding as follows: 1) \$13.5 million to provide emergency financial aid grants to students whose lives have been disrupted, many of whom are facing financial challenges and struggling to make ends meet, 2) \$13.5 million to cover costs associated with significant changes to the delivery of instruction due to the coronavirus, 3) and \$2.0 million in additional funding directed to minority-serving institutions.

The District also received \$5.6 million COVID-19 Block Grant Funding (Block Grant). The Block Grant is comprised of \$3.1 million in State funding provide by one-time Proposition 98 funds and \$2.0 million in Federal funding from the federal Coronavirus Relief Fund (CRF), a component of the CARES Act. The Block Grant is only to be used for necessary expenditures incurred due to the public health crisis. The District is purposefully spending the CARES Act Grants and Block Grant funding with the forethought that the funding source is onetime funding and will not be available for ongoing expenditures.

In December 2020, Congress approved the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA - H.R. 133.) The California Community Colleges are scheduled to receive about \$1.286 billion. The funds can be used to defray expenses associated with COVID-19, carry out authorized student support activities, and provide financial aid grants to students.

The CCCCO's Joint analysis of the Governor's January 2021 budget proposal identified that budget projections are better than what was projected in the 2020 Budget Act. State revenues continue to outperform earlier projections related to improving employment in many sectors, a growing housing market due to low interest rates and high demand, and sales of taxable goods replacing some of the resources previously spent on untaxed services. However, the economic recovery has been unequal, with the wealthy benefitting from a strong stock market and comparatively low unemployment in professional industries while the state's low-wage workers in industries most affected by the pandemic are left behind, exacerbating inequality. The Governor's Budget summary notes that, despite higher-than-expected revenues, the State faces an operating deficit as General Fund expenditures grow faster than revenues, projected to grow to over \$11 billion by 2024-25, constraining the ability to undertake expanded ongoing commitments.

Challenging decisions lie ahead for the District, but the District is committed to doing everything possible to protect full-time employees and minimize the impact on part-time employees, and to working closely with our labor partners to follow agreed upon contracts and ensure the District is working collaboratively to get through this crisis. Above it all, the District continues to put students – particularly those in need – at the center of budget discussions. More than ever before, the budget dynamics are constantly evolving in the State and around the nation.

## **LOS RIOS COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2020**

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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.



Los Rios Community College District  
Statement of Net Position  
June 30, 2020

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Assets	
Current Assets	
Cash and cash equivalents	\$ 257,586,090
Restricted investments	19,964,092
Restricted cash and cash equivalents	183,055,375
Accounts receivable, net	44,520,352
Due from fiduciary funds	3,168
Prepaid expenses and other assets	4,926,747
Inventories	2,069,405
Total current assets	512,125,229
Noncurrent Assets	
Net OPEB asset	12,365,239
Nondepreciable capital assets	113,957,118
Depreciable capital assets, net of depreciation	624,584,083
Total noncurrent assets	750,906,440
Total assets	1,263,031,669
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	100,458,046
Deferred charge on refunding	8,904,405
Deferred outflows of resources related to OPEB	7,019,333
Total deferred outflows of resources	116,381,784
Liabilities	
Current Liabilities	
Accounts payable	14,953,832
Payroll and related liabilities	17,626,539
Interest payable	9,487,836
Due to fiduciary funds	636,860
Unearned revenue	59,368,763
Compensated absences payable - current portion	7,125,617
Bonds payable and premium liability - current portion	43,801,606
Total current liabilities	153,001,053

Los Rios Community College District  
Statement of Net Position  
June 30, 2020

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Noncurrent Liabilities	
Compensated absences payable - noncurrent portion	15,797,388
Bonds payable and premium liability - noncurrent portion	442,318,690
Aggregate net pension obligation	380,682,982
Claims liability	<u>11,417,858</u>
Total noncurrent liabilities	<u>850,216,918</u>
Total liabilities	<u>1,003,217,971</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	31,632,449
Deferred inflows of resources related to OPEB	<u>6,398,044</u>
Total deferred inflows of resources	<u>38,030,493</u>
Net Position	
Net investment in capital assets	344,581,636
Restricted for:	
Debt service	49,976,377
Other activities	10,673,200
Unrestricted deficit	<u>(67,066,224)</u>
Total net position	<u>\$ 338,164,989</u>

Los Rios Community College District  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2020

Operating Revenues	
Student Tuition and Fees	\$ 62,903,712
Less: Scholarship discount and allowance	(36,345,845)
Net tuition and fees	26,557,867
Grants and Contracts, Noncapital	
Federal	118,689,435
State	74,775,947
Local	4,009,677
Net grants and contracts, noncapital	197,475,059
Auxiliary Enterprise Sales and Charges	
Bookstore	10,125,428
Other enterprise - Harris Center	5,029,435
Other operating revenues	4,835,892
Total operating revenues	244,023,681
Operating Expenses	
Salaries	261,278,059
Employee benefits	121,911,708
Supplies, materials, and other operating expenses and services	82,151,655
Student financial aid	123,449,422
Depreciation	28,964,115
Total operating expenses	617,754,959
Operating loss	(373,731,278)
Nonoperating Revenues (Expenses)	
State apportionments and education protection act, noncapital	206,815,546
Local property taxes, levied for general purposes	96,600,814
Taxes levied for other specific purposes - Debt service	54,195,068
Lottery, state taxes and other revenues	41,925,744
Investment income	9,904,309
Interest expense and service charges on capital related debt	(17,357,505)
Transfer from fiduciary funds	25,730
Other nonoperating revenue - gifts	240,660
Total nonoperating revenues (expenses)	392,350,366
Income before other revenues and expenses	18,619,088
Other Revenues and Expenses	
State revenues, capital	3,366,407
Change in Net Position	21,985,495
Net position, beginning of year	316,179,494
Net position, end of year	\$ 338,164,989

See Notes to Financial Statements

Los Rios Community College District  
Statement of Cash Flows  
Year Ended June 30, 2020

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Cash Flows from Operating Activities	
Tuition and fees	\$ 29,817,633
Federal, state and local grants and contracts	225,183,994
Payments to vendors for supplies and services	(93,382,340)
Payments to or on behalf of employees	(376,247,917)
Payments to students for scholarships and grants	(123,449,422)
Auxiliary enterprise sales and charges	<u>19,990,755</u>
Net cash flows from operating activities	<u>(318,087,297)</u>
Cash Flows from Noncapital Financing Activities	
State apportionments	185,023,854
Property taxes - noncapital related	96,600,814
Other nonoperating (lottery and other)	<u>39,993,505</u>
Net cash flows from noncapital financing activities	<u>321,618,173</u>
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(58,555,424)
State revenue, capital projects	3,366,407
Property taxes - related to capital debt	54,346,931
Principal paid on capital debt	(20,230,000)
Interest paid on capital debt	<u>(18,505,857)</u>
Net cash flows from capital financing activities	<u>(39,577,943)</u>
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	87,327,659
Interest received from investments	<u>10,728,094</u>
Net cash flows from investing activities	<u>98,055,753</u>
Net Change in Cash and Cash Equivalents	62,008,686
Cash and Cash Equivalents, Beginning of Year	<u>378,632,779</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 440,641,465</u></u>

Los Rios Community College District  
Statement of Cash Flows  
Year Ended June 30, 2020

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Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	\$ (373,731,278)
Adjustments to Reconcile Operating Loss to Net Cash Flows From	
Operating Activities	
Depreciation expense	28,964,115
Changes in Assets and Liabilities	
Receivables	4,607,424
Student receivables	
Inventories	(353,205)
Prepaid expenses	1,827,711
Accounts payable and accrued liabilities	(21,480,418)
Unearned revenue	21,876,225
Change in other post employment benefits	(8,014,247)
Compensated absences	3,518,700
Change in deferred outflows	14,660,838
Change in deferred inflows	11,029,899
Pension obligation	(1,923,538)
Claims liabilities	930,477
Total adjustments	<u>55,643,981</u>
Net cash flows from operating activities	<u><u>\$ (318,087,297)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 12,523,601
Cash in state cash pool - LAIF	5,518,482
Cash in county treasury	<u>422,599,382</u>
Total cash and cash equivalents	<u><u>\$ 440,641,465</u></u>
Noncash Transactions	
Bond proceeds paid direct to advance refund escrow agent	\$ 10,748,175
Amortization of premium on capital related debt	\$ 3,647,593
Amortization of deferred charge on refunding	\$ (1,618,594)

Los Rios Community College District  
Statement of Fiduciary Net Position  
June 30, 2020

	Retiree Health Benefits Trust	Trust	Agency Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 258,175	\$ 2,436,596	\$ 701,066
Investments	142,658,396	-	-
Accounts receivable, net	-	13,889	2,951
Due from primary government	636,860	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>143,553,431</u>	<u>2,450,485</u>	<u>\$ 704,017</u>
<b>Liabilities</b>			
Accounts payable	52,000	265	442
Due to primary government	-	115	3,053
Due to others	-	-	700,522
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>52,000</u>	<u>380</u>	<u>\$ 704,017</u>
<b>Net Position</b>			
Restricted for postemployment benefits other than pensions	143,501,431	-	
Unrestricted	-	2,450,105	
	<u>                    </u>	<u>                    </u>	
Total net position	<u>\$ 143,501,431</u>	<u>\$ 2,450,105</u>	

Los Rios Community College District  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2020

	Retiree Health Benefits Trust	Trust
<b>Additions</b>		
Employer contributions	\$ 3,836,860	\$ -
Local revenues	-	5,515
Fees and other income	-	148,968
Interest and investment income	9,957,190	34,949
Total additions	13,794,050	189,432
<b>Deductions</b>		
Benefit payments	3,304,336	-
Books and supplies	-	15,605
Services and operating expenditures	-	159,028
Total deductions	3,304,336	174,633
Income Before Other Financing Uses	10,489,714	14,799
<b>Other Financing Uses</b>		
Transfer to primary government	-	(25,730)
Change in Net Position	10,489,714	(10,931)
Net Position - Beginning	133,011,717	2,461,036
Net Position - Ending	\$ 143,501,431	\$ 2,450,105

Los Rios Community College District  
 Los Rios Colleges Foundation Statement of Financial Position  
 June 30, 2020

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Assets	
Current Assets	
Cash and cash equivalents	\$ 1,912,084
Accounts receivable	1,608
Promises to give, current portion	228,248
Prepaid expenses	<u>15,583</u>
Total current assets	<u>2,157,523</u>
Noncurrent Assets	
Investments	14,363,200
Beneficial interest in assets	185,536
Long-term promises to give	<u>661,412</u>
Total noncurrent assets	<u>15,210,148</u>
Total Assets	<u><u>\$ 17,367,671</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	<u>\$ 563,003</u>
Net Assets	
Without donor restrictions	2,100,025
With donor restrictions	<u>14,704,643</u>
Total net assets	<u>16,804,668</u>
Total liabilities and net assets	<u><u>\$ 17,367,671</u></u>



Los Rios Community College District  
 Los Rios Colleges Foundation Statement of Activities  
 Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Contributions	\$ 315,382	\$ 3,430,448	\$ 3,745,830
Investment earnings	156,915	(251,188)	(94,273)
In-kind contributions	175,022	-	175,022
Assets released from restrictions	2,027,074	(2,027,074)	-
	2,674,393	1,152,186	3,826,579
<b>Expenses</b>			
Scholarships	1,110,024	-	1,110,024
College support	1,133,114	-	1,133,114
Grants and sponsorships	3,359	-	3,359
Administrative	160,584	-	160,584
Fundraising	43,716	-	43,716
	2,450,797	-	2,450,797
Change in Net Assets	223,596	1,152,186	1,375,782
Net Assets, Beginning of Year	1,876,429	13,552,457	15,428,886
Net Assets, End of Year	\$ 2,100,025	\$ 14,704,643	\$ 16,804,668

Los Rios Community College District  
 Los Rios Colleges Foundation Statement of Cash Flows  
 Year Ended June 30, 2020

Cash Flows from Operating Activities	
Proceeds from:	
Contributions for scholarships	\$ 2,773,738
Pledge campaign	349,971
Annual fund	235,487
Other receipts	(57,614)
Interest on investments	3,629
Payments for:	
Scholarships awarded	(1,110,024)
Payments to suppliers	(43,101)
Payments to / on behalf of employees	(37,411)
Payments for services	(40,500)
Payments for travel	(55,893)
Other operating costs	(348,711)
Net cash flows provided by operating activities	<u>1,669,571</u>
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	3,927,704
Interest and dividends on investments	310,578
Investment expenses	(24,110)
Purchases of investments	(4,715,607)
Net cash flows used by investing activities	<u>(501,435)</u>
Net Change in Cash and Cash Equivalents	1,168,136
Cash and Cash Equivalents, Beginning of Year	<u>743,948</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,912,084</u></u>
Changes in net assets	\$ 1,375,782
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Gain) loss on sale of investments	229,912
Unrealized (gain) loss on investments	154,458
Interest and dividends on investments	(286,468)
Changes in:	
Accounts receivable	(444,248)
Payroll payable	(728)
Accounts payable	640,863
Net Cash Provided by Operating Activities	<u><u>\$ 1,669,571</u></u>
Supplemental Disclosure of Noncash Amounts	
In-kind donations	<u><u>\$ 175,022</u></u>

**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 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by GASB, the financial reporting entity consists of the primary government, the District, and the following component unit:

- Los Rios Colleges Foundation

The Los Rios Colleges Foundation (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. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements.

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, Measurement Focus and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No 35 as amended by GASB Statements No. 37, No 38, and No. 39. This presentation provides a comprehensive entity-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. Accordingly, 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 prescribed 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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

Revenues resulting from nonexchange transactions, in which the District receives value without directly giving equal value in return are classified as nonoperating revenues. Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined by GASB. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set by the California 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.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. Operating expenses include employee salaries and benefits, supplies, operating expenses, and student financial aid. All other expenses not meeting this definition are reported as nonoperating and include interest expense and other expenses not directly related to the services of the District. 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 unrestricted 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 Sacramento County Treasury (County) 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.

### **Restricted Investments**

Investments held at June 30, 2020 are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

### **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 \$479,303 for the year ended June 30, 2020.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2020.

**Inventories**

Inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the first in – first out method. The cost is recorded as an expense as the inventory is consumed.

**Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold 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. Donated capital assets are recorded at acquisition 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.

**Deferred Outflows/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 so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charge on refunding, pension related items, and OPEB related items.

Deferred charge on refunding results from the differences in the carrying value and reacquisition price of the refunded debt and is amortized using the straight-line method over the remaining life of the new debt.

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 pension and OPEB related items.

**Pensions**

For purposes of measuring the net pension liability and 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 (the 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Los Rios College Retiree Health Benefit Trust (OPEB Trust) and additions to/deductions from the OPEB Trust's fiduciary net position have been determined on the same basis as they are reported in the OPEB trust financial statements. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Member contributions are recognized in the period in which they are earned. 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.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with 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, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, 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 .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.

**Unearned Revenue**

Unearned revenue includes (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 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.

### **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. 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.

The voters of the District passed General Obligation Bonds in 2002 and 2008 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District under the teeter plan.

### **Scholarships, Discounts, and Allowances**

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, 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, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

### **Foundation Financial Statement Presentation**

The Los Rios Colleges Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. As permitted by the codification, the Foundation does not use fund accounting.

*With Donor Restrictions:* Net assets subject to donor-imposed stipulations. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes or the net assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

*Without Donor Restrictions:* Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District 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.

### **Future Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021.

### **Note 3 - Deposits 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. 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, non-pooled investment portfolio, until needed for assigned capital expenditures. The investment policy for GO 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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2020, consist of the following:

	Primary Government	Fiduciary Funds	Foundation
Cash and cash equivalents	\$ 257,586,090	\$ 3,395,837	\$ 1,912,084
Restricted investments	19,964,092	142,658,396	14,363,200
Restricted cash and cash equivalents	183,055,375	-	-
<b>Total deposits and investments</b>	<b>\$ 460,605,557</b>	<b>\$ 146,054,233</b>	<b>\$ 16,275,284</b>
Cash on hand and in banks	\$ 3,299,062	\$ 865,111	\$ 1,912,084
Cash in revolving	240,946	7,659	-
Cash awaiting deposit	8,622,518	-	-
Money market funds	-	258,175	-
Investments - County Treasury Pool	422,599,382	1,528,280	-
Investments - LAIF	5,518,482	736,612	-
Investments - other	20,325,167	142,658,396	14,363,200
<b>Total deposits and investments</b>	<b>\$ 460,605,557</b>	<b>\$ 146,054,233</b>	<b>\$ 16,275,284</b>

**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 manages its exposure to interest rate risk by investing in the County treasury pool and LAIF 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:

Investment Type	Fair Value	Maturity in Years	
		1-5	>5
Debt securities and other investments	\$ 177,346,763	\$ 177,346,763	\$ -

**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	Rating as of Year End		
		AAA	Aa	Unrated
Debt Securities:				
United States Treasury Bill (USTB)	\$ 20,325,167	\$ 20,325,167	\$ -	\$ -
Miscellaneous:				
Mutual funds and other securities	157,021,596	-	-	157,021,596
Total	\$ 177,346,763	\$ 20,325,167	\$ -	\$ 157,021,596

**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. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Investment Type	Issuer	Reported Amount
Debt Securities	United States Treasury Bill (USTB)	\$ 20,325,167

**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 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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2020, District bank balances of approximately \$19,500,000 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.

Debt securities and other investments are classified as level 2 because they are valued using a matrix pricing model.

**Note 5 - Accounts Receivable**

Accounts receivable at June 30, 2020 for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources as follows:

Federal Government	
Categorical aid	\$ 4,867,211
State Government	
Apportionment	20,855,973
Categorical aid	6,732,229
Lottery	2,611,167
Local Sources	
Interest	3,420,558
Other local sources	6,512,517
Less allowance for uncollectible amounts	<u>(479,303)</u>
Total	<u>\$ 44,520,352</u>

The District calculates the allowance for uncollectible amounts based on 20% of student receivables.

**Discretely Presented Component Unit**

The Foundation's accounts receivable and promises to give consist primarily of short-term promises to donate by donors. In the opinion of management, all amounts have been deemed to be fully collectable.

**Note 6 - Capital Assets**

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 6,870,382	\$ -	\$ -	\$ 6,870,382
Construction in progress	69,962,506	51,301,247	(15,874,417)	105,389,336
Collectibles	1,697,400	-	-	1,697,400
<b>Total capital assets not being depreciated</b>	<b>78,530,288</b>	<b>51,301,247</b>	<b>(15,874,417)</b>	<b>113,957,118</b>
<b>Capital Assets Being Depreciated</b>				
Site improvements	73,601,453	252,971	-	73,854,424
Buildings and improvements	779,182,543	17,257,615	-	796,440,158
Equipment	186,870,888	5,210,998	(44,145)	192,037,741
Library books	5,841,149	407,010	(459,497)	5,788,662
<b>Total capital assets being depreciated</b>	<b>1,045,496,033</b>	<b>23,128,594</b>	<b>(503,642)</b>	<b>1,068,120,985</b>
<b>Total capital assets</b>	<b>1,124,026,321</b>	<b>74,429,841</b>	<b>(16,378,059)</b>	<b>1,182,078,103</b>
<b>Less Accumulated Depreciation</b>				
Site improvements	(58,018,588)	(2,882,648)	-	(60,901,236)
Buildings and improvements	(203,941,492)	(14,535,642)	-	(218,477,134)
Equipment	(148,962,886)	(10,877,455)	59,127	(159,781,214)
Library books	(4,168,445)	(668,370)	459,497	(4,377,318)
<b>Total accumulated depreciation</b>	<b>(415,091,411)</b>	<b>(28,964,115)</b>	<b>518,624</b>	<b>(443,536,902)</b>
<b>Total net capital assets</b>	<b>\$ 708,934,910</b>	<b>\$ 45,465,726</b>	<b>\$ (15,859,435)</b>	<b>\$ 738,541,201</b>

Depreciation expense for the year was \$28,964,115.



**Note 7 - Long-Term Liabilities Other than OPEB and Pension**

**Summary**

The changes in the District's long-term liabilities other than OPEB and Pension during the 2020 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds	\$ 476,190,000	\$ 10,945,000	\$ 31,175,000	\$ 455,960,000	\$ 40,755,000
Bond issuance premiums	33,807,889	-	3,647,593	30,160,296	3,046,606
	<u>\$ 509,997,889</u>	<u>\$ 10,945,000</u>	<u>\$ 34,822,593</u>	<u>\$ 486,120,296</u>	<u>\$ 43,801,606</u>

**Description of Debt**

General obligation bonds were approved by local elections in 2002 and 2008. The total amount approved by the voters was \$740,000,000. At June 30, 2020, \$600,000,000 had been issued and \$455,960,000 was outstanding. Interest rates on the bonds range from 2.00 to 5.375 percent.

On June 11, 2020, the District issued 2020 Refunding Bonds in the amount of \$10,945,000, to refinance outstanding general obligation indebtedness of the 2010 General Obligation Refunding Bonds. Interest rates on the 2020 Refunding Bonds are 1.32 percent, with principal payments beginning August 2020 and ending August 2027. The net present value of the refunding savings was \$1,254,639. The net proceeds of \$10,748,175 were placed in an escrow until August 1, 2020, the last call date of the refunded bonds.

Payments of the general obligation bonds are made by the bond interest and redemption fund.

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The outstanding general obligation bond debt is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Refunding Issuance	Balance Beginning of Year	Issued	Payments	Balance End of Year
<b>Measure A Bonds</b>									
2002 Series D	8/4/2009	8/1/2034	2.00-5.375%	\$ 55,000,000	\$ -	\$ 1,760,000	\$ -	\$ 1,760,000	\$ -
2002 Series E	6/27/2013	8/1/2038	2.00-5.00%	20,000,000	-	17,200,000	-	600,000	16,600,000
2002 Series F	1/25/2018	8/1/2023	2.00-4.00%	27,500,000	-	27,500,000	-	2,740,000	24,760,000
2010 Refunding	10/7/2010	8/1/2027	2.00-5.00%	-	21,025,000	12,920,000	-	11,685,000	1,235,000
2011 Refunding	10/20/2011	8/1/2027	2.00-5.00%	-	40,195,000	27,260,000	-	2,785,000	24,475,000
2012 Refunding	10/20/2011	8/1/2030	2.00-5.25%	-	62,920,000	49,820,000	-	2,815,000	47,005,000
2016 Refunding	4/21/2016	8/1/2026	2.00-5.00%	-	39,315,000	31,105,000	-	3,165,000	27,940,000
2020 Refunding	6/11/2020	8/1/2027	1.32%	-	10,945,000	-	10,945,000	-	10,945,000
Total Measure A				102,500,000	174,400,000	167,565,000	10,945,000	25,550,000	152,960,000
<b>Measure M Bonds</b>									
2008 Series A	10/19/2010	8/1/2035	2.00-5.00%	130,000,000	-	4,405,000	-	2,010,000	2,395,000
2008 Series B	6/27/2013	8/1/2038	2.00-5.00%	60,000,000	-	54,900,000	-	1,100,000	53,800,000
2008 Series C	1/25/2018	8/1/2032	2.00-4.00%	65,000,000	-	65,000,000	-	2,265,000	62,735,000
2008 Series D	6/26/2019	8/1/2044	4.00-5.00%	80,000,000	-	80,000,000	-	-	80,000,000
2017 Refunding	11/30/2017	8/1/2035	2.00-5.00%	-	106,850,000	104,320,000	-	250,000	104,070,000
Total Measure M				335,000,000	106,850,000	308,625,000	-	5,625,000	303,000,000
Total Bond Measures				\$437,500,000	\$ 281,250,000	\$ 476,190,000	\$ 10,945,000	\$ 31,175,000	\$ 455,960,000

**Debt Maturity**

**General Obligation Bonds**

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 40,755,000	\$ 18,148,631	\$ 58,903,631
2022	41,875,000	16,540,880	58,415,880
2023	24,025,000	15,215,089	39,240,089
2024	26,320,000	14,184,348	40,504,348
2025	23,050,000	13,139,268	36,189,268
2026-2030	125,635,000	48,299,363	173,934,363
2031-2035	104,005,000	22,815,544	126,820,544
2036-2040	45,275,000	7,054,825	52,329,825
2041-2045	25,020,000	1,975,500	26,995,500
Total	<u>\$ 455,960,000</u>	<u>\$ 157,373,448</u>	<u>\$ 613,333,448</u>

**Lease and Joint Use Agreement**

In November 2008, The District executed Construction Site and Facilities Lease agreements with McCuen Project Services, Inc. to construct a parking facility at Cosumnes River College. In conjunction with this project, on November 4, 2011, the District executed a Lease and Joint Use Agreement with the Sacramento Regional transit District (RT) to lease the multi-level parking structure to RT. The District and RT have agreed to make joint use of the parking structure and adjacent surface parking. RT's payments are the cost of construction. The term of the lease, which commenced in September 2015, is for 51 years with the option to extend for two consecutive 5-year terms. The parking structure was completed and opened in June 2013.

**Note 8 - Other Post Employment Benefits (OPEB) Liability**

**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 consists of the 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 Wells Fargo Bank, N.A. 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 1, 2019, the OPEB Plan membership consisted of the following:

Participating active members	2,148
Retired employees receiving benefits	987
Retired employees entitled to but not receiving benefits	99
	3,234

**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, 2020, the District contributed \$3,836,860 to the OPEB Trust, of which \$3,306,336 was used for 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	\$280	\$280	\$280	\$280	\$280

**Actuarial Assumptions**

To develop the total OPEB liability, the actuary performed an actuarial valuation as of June 1, 2019. The total OPEB liability was determined by an actuarial valuation using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 1, 2019
Measurement date	June 30, 2019
Funding method	Entry-age normal cost, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	5.00%
General inflation rate	2.75%
Salary increases <sup>(1)</sup>	3.25%
Long-term return on assets <sup>(2)</sup>	5.00%
Mortality	CalPERS 2017 Study, CalSTRS 2016 Study
Mortality Improvement	MacLeod Watts Scale 2018 applied generationally, from 2015 for CalPERS members and from 2016 for Cal STRS members
Health care cost trend rates <sup>(3)</sup>	5-7%

<sup>(1)</sup> Since benefits do not depend on salary, this is used only to allocate the costs of benefits between service years.

<sup>(2)</sup> Net of Plan investment expense; includes inflation.

<sup>(3)</sup> Assumed to start at 7% and grade down to 5% for years 2024 and thereafter.

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 for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	9.24%
Fixed Income	2.88%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.00%. 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**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a)-(b)
Service cost	\$ 4,043,603	\$ -	\$ 4,043,603
Interest	5,986,421	-	5,986,421
Net investment income	-	8,961,515	(8,961,515)
Difference between expected and actual experience	914,153	-	914,153
Contributions - employer	-	5,553,625	(5,553,625)
Administrative expenses	-	-	-
Change of assumptions	(4,443,284)	-	(4,443,284)
Benefit payments	<u>(3,078,482)</u>	<u>(3,078,482)</u>	<u>-</u>
Change in OPEB asset	3,422,411	11,436,658	(8,014,247)
Net OPEB asset, July 1, 2019	<u>117,224,067</u>	<u>121,575,059</u>	<u>(4,350,992)</u>
Net OPEB asset, June 30, 2020	<u>\$ 120,646,478</u>	<u>\$ 133,011,717</u>	<u>\$ (12,365,239)</u>

**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 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	1% Decrease 4.0%	Current Discount Rate 5.0%	1% Increase 6.0%
Net OPEB liability (asset)	<u>\$ 7,331,539</u>	<u>\$ (12,365,239)</u>	<u>\$ (28,309,582)</u>

**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 a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (7% decreasing to 4%)	Current Healthcare Cost Trend Rates (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB liability (asset)	<u>\$ (30,229,682)</u>	<u>\$ (12,365,239)</u>	<u>\$ 10,337,700</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$5,544,378. The District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Net difference between projected and actual earnings on OPEB Plan investments		\$2,566,783
Differences between expected and actual experience	\$ 3,601,778	
Change of assumptions		3,831,261
OPEB contributions subsequent to the measurement date	3,417,555	
Total	<u>\$ 7,019,333</u>	<u>\$6,388,044</u>

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. The deferred outflows/(inflows) of resources related the 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
	<u>                    </u>
2021	\$(696,054)
2022	(696,053)
2023	(380,481)
2024	(544,827)
2025	62,342
Thereafter	541,193

**Note 9 - 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 of 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 services of such bonds. However, in the unlikely event that the State could not 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, 2020.

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, 2020 were as follows:

Facility	Lease Term	Proceeds From State	Funding Year	Minimum Annual Payments
Folsom Lake College Instructional Facilities IB	2005-2030	\$ 36,841,000	2001-02	\$809,709 to \$2,499,000

**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.

**Property and Liability**

The District is self-insured for liability and property damage on the first \$250,000 and \$100,000 of each claim, respectively. 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 property damage and liability up to \$250,250,000 and \$55,000,000, respectively, are provided by pooled insurance as member(s) of a joint powers authority of California community colleges. Coverage in excess of self-insurance limits for workers’ compensation is purchased through an insurance broker.



**Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2020, the District participated in the Schools Excess Liability Fund (SELF). SELF is a joint powers authority (JPA) created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-funded excess liability fund for public education agencies, which are parties thereto. Should excess liability claims exceed amounts funded to SELF by all participants, the District may be required to provide additional funding.

The District is also a participant in the Statewide Association of Community Colleges (SWACC). SWACC is a JPA established for the purpose of providing the services, facilities, and items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance system for property and liability claims and losses against public educational agencies who are members thereto. Should property claims exceed amounts funded by SWACC by all participants, the District may be required to provide additional funding. Should liability claims exceed established SWACC limits, the District has excess coverage with SELF. 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. SELF and SWACC are independently accountable for their fiscal matters and are not component units of the District for financial reporting purposes.

**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, 2018 to June 30, 2020:

Liability Balance, July 1, 2018	\$ 9,984,903
Claims and changes in estimates	1,490,756
Claims payments	<u>(988,278)</u>
Liability Balance, June 30, 2019	10,487,381
Claims and changes in estimates	1,313,147
Claims payments	<u>(382,670)</u>
Liability Balance, June 30, 2020	<u>\$ 11,417,858</u>
Assets Available to Pay Claims at June 30, 2020	<u><u>\$ 11,469,502</u></u>

**Note 11 - Employee Retirement Systems**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 210,565,033	\$ 61,014,306	\$ 26,976,707	\$ 25,874,444
CalPERS	170,117,949	39,443,740	4,655,742	23,775,478
Total	<u>\$ 380,682,982</u>	<u>\$ 100,458,046</u>	<u>\$ 31,632,449</u>	<u>\$ 49,649,922</u>

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, 2018, 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://www.calstrs.com/actuarial-financial-and-investor-information>.

**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 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose

of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

**CalSTRS Contributions**

Required member, District, and State contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS were to increase to a total of 19.1 percent of applicable member earnings phased over a seven-year period. However, the 2020 Budget Act provided relief to employers reducing the employer rate to 16.15% for 2020-21 fiscal year, thereafter the STRS board will have limited authority to adjust the contribution rate to meet the 2046 deadline to fully amortize the unfunded actuarial obligation. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$24,641,228.

**CalSTRS On Behalf Payments**

The State makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to \$14,000,305 (10.328 percent) of salaries subject to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. This amount has been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

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

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

Total net pension liability, including State share:		
District's proportionate share of net pension liability	\$	210,565,033
State's proportionate share of net pension		<u>114,877,283</u>
 Total	 \$	 <u><u>325,442,316</u></u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.2331 percent and 0.2436 percent, respectively, resulting in a net decrease of 0.0105 percent in the proportionate share.

For the year ended June 30, 2020, the District recognized pension expense of \$25,874,444. In addition, the District recognized revenue of \$14,000,305 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 24,641,228	\$ -
Change in proportionate share of net pension liability	9,209,638	12,932,199
Differences between projected and actual earnings on pension plan investments	-	8,111,030
Differences between expected and actual experience in the measurement of the total pension liability	531,565	5,933,478
Change of assumptions	<u>26,631,875</u>	<u>-</u>
 Total	 <u><u>\$ 61,014,306</u></u>	 <u><u>\$ 26,976,707</u></u>

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

The deferred 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 Inflows of Resources
2021	\$ (818,136)
2022	(6,439,203)
2023	(1,336,879)
2024	483,188

The deferred outflow/inflows of resources related to the net change in proportionate share of net pension liability, 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
2021	\$ 5,107,017
2022	6,632,816
2023	4,020,692
2024	4,283,849
2025	(862,704)
Thereafter	(1,674,269)

**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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30,2019 , are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk mitigating strategies	9%	1.80%
Inflation sensitive	4%	-3.30%
Cash / liquidity	2%	-0.40%

**CalSTRS Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 313,548,765
Current discount rate (7.10%)	\$ 210,565,033
1% increase (8.10%)	\$ 125,171,908

**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, 2018, 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/employers/actuarial-services/gasb>.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

**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, 2020, are presented above, and the total District contributions were \$17,475,114.

**CalPERS On Behalf Payments**

The State makes contributions to CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalPERS for the fiscal years ended June 30, 2020, which amounted to \$0. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$170,117,949. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.5837 percent and 0.5953 percent, respectively, resulting in a net decrease in the proportionate share of 0.0116 percent.



For the year ended June 30, 2020, the District recognized pension expense of \$23,775,478. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 17,475,114	\$ -
Change in proportionate share of net pension liability	1,513,090	3,077,866
Difference between projected and actual earnings on pension plan investments	-	1,577,876
Differences between expected and actual experience in the measurement of the total pension liability	12,357,392	-
Changes of assumptions	8,098,144	-
	<u>\$ 39,443,740</u>	<u>\$ 4,655,742</u>
Total	<u>\$ 39,443,740</u>	<u>\$ 4,655,742</u>

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 of Resources
2021	\$ 1,557,538
2022	(3,111,133)
2023	(471,453)
2024	447,172

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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2021	\$ 11,888,741
2022	5,490,925
2023	1,373,720
2024	137,374

#### 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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

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

for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

**CalPERS Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 245,213,839
Current discount rate (7.15%)	\$ 170,117,949
1% increase (8.15%)	\$ 107,820,723

**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 the Public Agency Retirement Services (PARS) system.

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 fiscal year ended June 30, 2020 was \$462,425. 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 designed 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, 2020.

### **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, 2020.

### **Construction Commitments**

As of June 30, 2020, the District had \$22,272,857 of commitments with respect to the 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.

**Subsequent Events**

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals. Refer to the management discussion and analysis section of this report for additional analysis of the pandemic.



Required Supplementary Information  
June 30, 2020

# Los Rios Community College District

Los Rios Community College District  
Schedule of Changes in the District's Net OPEB Asset and Related Ratios  
Year Ended June 30, 2020

	2020 Measurement date 2019	2019 Measurement date 2018	2018 Measurement date 2017
Total OPEB Asset			
Service cost	\$ 4,043,603	\$ 3,977,329	\$ 3,852,135
Interest	5,986,421	5,471,925	5,163,916
Differences 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 changes in total OPEB asset	3,422,411	10,166,113	6,247,470
Total OPEB Asset - beginning	117,224,067	107,057,954	100,810,484
Total OPEB Asset - 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	8,961,515	4,723,266	7,044,472
Benefit payments	(3,288,208)	(3,193,580)	(2,768,581)
Net change in plan fiduciary net position	11,226,932	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)	132,801,991	121,575,059	116,667,660
District's net OPEB (asset) - ending (a) - (b)	\$ (12,155,513)	\$ (4,350,992)	\$ (9,609,706)
Plan fiduciary net position as a percentage of the total OPEB liability	110.08%	103.71%	108.98%
Covered-employee payroll	\$ 214,374,721	\$ 218,057,096	\$ 206,563,055
District's net OPEB asset as a percentage of covered-employee payroll	5.67%	2.00%	4.65%

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

Los Rios Community College District  
Schedule of District Contributions for OPEB  
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,955,463	\$ 1,011,340	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>3,417,555</u>	<u>5,553,625</u>	<u>3,377,713</u>	<u>3,351,026</u>
Contribution deficiency (excess)	<u>\$ 537,908</u>	<u>\$ (4,542,285)</u>	<u>\$ (3,377,713)</u>	<u>\$ (3,351,026)</u>
Covered-employee payroll	<u>\$ 232,832,926</u>	<u>\$ 214,374,721</u>	<u>\$ 206,563,055</u>	<u>\$ 205,078,858</u>
Contribution as a percentage of covered-employee payroll	<u>1.47%</u>	<u>2.59%</u>	<u>1.64%</u>	<u>1.63%</u>

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



Los Rios Community College District  
Schedule of District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
<b>CalSTRS</b>						
District's proportion of the net pension liability	0.2331%	0.2436%	0.2361%	0.2512%	0.2540%	0.2540%
District's proportionate share of the net pension liability	\$ 210,565,033	\$ 223,885,883	\$ 218,378,653	\$ 203,170,928	\$ 171,002,960	\$ 148,429,980
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	89,605,779
Total	<u>\$ 325,442,316</u>	<u>\$ 352,071,022</u>	<u>\$ 347,569,619</u>	<u>\$ 318,832,513</u>	<u>\$ 261,499,350</u>	<u>\$ 238,035,759</u>
District's covered - employee payroll	<u>\$ 132,829,695</u>	<u>\$ 135,556,788</u>	<u>\$ 129,143,886</u>	<u>\$ 128,872,601</u>	<u>\$ 119,125,206</u>	<u>\$ 111,268,958</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	159%	165%	169%	158%	144%	133%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
<b>CalPERS</b>						
District's proportion of the net pension liability	0.5837%	0.5953%	0.5793%	0.6079%	0.6383%	0.6295%
District's proportionate share of the net pension liability	\$ 170,117,949	\$ 158,720,637	\$ 138,304,139	\$ 120,060,427	\$ 94,086,050	\$ 71,463,577
District's covered - employee payroll	<u>\$ 81,545,026</u>	<u>\$ 82,500,308</u>	<u>\$ 77,419,169</u>	<u>\$ 76,206,257</u>	<u>\$ 71,316,255</u>	<u>\$ 68,255,629</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	209%	192%	179%	158%	132%	105%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

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

Los Rios Community College District  
Schedule of District Contributions for Pensions  
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>						
Contractually required contribution	\$ 24,641,228	\$ 21,585,563	\$ 19,566,444	\$ 16,500,606	\$ 12,979,900	\$ 10,573,510
Contributions in relation to the contractually required contribution	24,641,228	21,585,563	19,566,444	16,500,606	12,979,900	10,573,510
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 144,073,749	\$ 132,829,695	\$ 135,556,788	\$ 129,143,886	\$ 128,872,601	\$ 119,125,206
Contributions as a percentage of covered - employee payroll	17.10%	16.25%	14.43%	12.8%	10.1%	8.9%
<b>CalPERS</b>						
Contractually required contribution	\$ 17,475,114	\$ 14,619,968	\$ 12,730,993	\$ 10,751,974	\$ 8,635,679	\$ 8,404,663
Contributions in relation to the contractually required contribution	17,475,114	14,619,968	12,730,993	10,751,974	8,635,679	8,404,663
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 88,750,177	\$ 81,545,026	\$ 82,500,308	\$ 77,419,169	\$ 76,206,257	\$ 71,316,255
Contributions as a percentage of covered - employee payroll	19.7%	17.9%	15.4%	13.9%	11.3%	11.8%

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

**Note 1 - Purpose of Schedules**

**Schedule of Changes in the District's Net OPEB Asset and Related Ratios**

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented.

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

**Changes in Assumptions** -- There were no significant changes to assumptions for the years ended June 30, 2017 and 2018. The significant changes to assumptions for the year ended June 30, 2019 are as follows: 1) updated demographic assumptions based on the new CalPERS and CalSTRS studies, 2) updated participation rate assumptions, 3) reflect the 2019 appeal of the excise tax liability under the Affordable Care Act.

**Schedule of District Contributions for OPEB**

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

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

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

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

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



Supplementary Information  
June 30, 2020

# Los Rios Community College District

Los Rios Community College District was established on July 1, 1964 and commenced operations on July 1, 1965 and is comprised of an area of approximately located in the areas served in El Dorado, Placer, Sacramento, Solano, and Yolo 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**

MEMBER	OFFICE	TERM EXPIRES
Deborah Ortiz	President	2022
Tami Nelson	Vice President	2024
Kelly Wilkerson	Member	2024
Pamela Haynes	Member	2024
Dustin Johnson	Member	2022
John Knight	Member	2024
Robert Jones	Member	2022
Toni Schiffmaier	Student Trustee	2021

**DISTRICT ADMINISTRATION**

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

**AUXILIARY ORGANIZATION IN GOOD STANDING**

Los Rios Colleges Foundation established 1978  
 Paula Allison, President

Los Rios Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education			
Student Financial Aid Cluster			
Pell Grant	84.063	N/A	\$ 74,492,116
Federal Direct Loans	84.268	N/A	19,761,151
Supplemental Education Opportunity Grants	84.007	N/A	2,188,983
College Work Study	84.033	N/A	1,786,134
Total Financial Aid Cluster			<u>98,228,384</u>
TRIO Cluster			
TRIO Student Support Services	84.042A	N/A	225,797
TRIO STEM Student Support Services	84.042A	N/A	207,857
TRIO Veterans Student Support Services	84.042A	N/A	249,573
Subtotal			<u>683,227</u>
TRIO Natomas Talent Search Program	84.044A	N/A	318,447
TRIO San Juan Unified School District Talent Search Program	84.044A	N/A	312,291
TRIO Twin Rivers Talent Search Program	84.044A	N/A	307,939
Subtotal			<u>938,677</u>
TRIO Upward Bound: Inderkum HS	84.047	N/A	277,066
TRIO Upward Bound: Center HS	84.047	N/A	298,263
TRIO Upward Bound: Monterey Trail & Valley HS	84.047	N/A	291,279
TRIO Upward Bound: Florin HS	84.047	N/A	273,296
Subtotal			<u>1,139,904</u>
Total TRIO Cluster			<u>2,761,808</u>
Strengthening Institutions Programs	84.031A	N/A	534,079
Hispanic-Serving Institutions Program -			
STEM & Articulation Programs	84.031C	N/A	749,316
Hispanic-Serving Institutions Program	84.031S	N/A	504,503
Total Hispanic Serving Institutions Programs			<u>1,787,898</u>
Cares Act Higher Education Emergency Relief Fund (HEERF)			
HEERF Student Aid Portion	84.425E	N/A	6,518,800
HEERF Institutional Portion	84.425F	N/A	1,753,835
Total HEERF			<u>8,272,635</u>
Asian American & Native American Pacific Islander			
Serving Institutions	84.382B	N/A	471,294
Passed Through California Department of Education			
Perkins Title 1, Part C	84.048	15-C01-028	2,771,031
Passed Through Butte Community College			
Perkins CTE Transitions	84.048	16-112-230	184,781
Vocational and Applied Technology Education Act,			
Title I, Part B	84.048	POB0021936	8,794
Total Perkins			<u>2,964,606</u>
Passed Through Department of Rehabilitation			
Workability III	84.126A	29985	211,463
College to Career	84.126A	30501	250,000
Total Workability			<u>461,463</u>
Passed Through The Regents of the University of California			
Open Textbooks Pilot Program	84.116	P116T180029	130,885
Total U.S. Department of Education			<u>115,078,973</u>

See Notes to Supplementary Information

Los Rios Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Temporary Assistance to Needy Families	93.558	N/A	<u>427,522</u>
477 Cluster			
Passed Through San Francisco Community College California Early Childhood Mentor Program	93.575	CN150142	11,941
Passed Through Yosemite Community College Child Care Access	93.575	15-16-7694	<u>66,015</u>
Total 477 Cluster - Child Care Access			<u>77,956</u>
Passed Through Foundation for California Community Colleges Independent Living Program	93.674	NA	22,500
Passed Through California Community College Chancellor's Office Vocational and Applied Technology Education Act - Title IVE - Foster Care Program	93.658	NA	<u>113,811</u>
Total U.S. Department of Health and Human Services			<u>641,789</u>
U.S. Department Of Agriculture			
Passed Through California Department of Food and Agriculture			
Hong Kong Food Expo	10.170	18-0421-001-ST	65,858
Climate Smart Agricultural Delegation	10.170	16-0555-075-SC	<u>35,829</u>
Total Speciality Crop Block Grant Program - Farm Bill			<u>101,687</u>
Aligning Import Perspectives	10.156	17-0478-002-SF	<u>55,964</u>
Passed Through California Department of Education Child Care Food Program	10.558	1502-3A	<u>78,711</u>
Total U.S. Department of Agriculture			<u>236,362</u>
U.S. Department Of Labor Employment and Training Administration			
Rural Business Enterprise Grant	17.268	AP-27832-15-60-A-6	<u>2,323,571</u>
Total U.S. Department Of Labor Employment and Training Administration			<u>2,323,571</u>
U.S. Small Business Administration			
CITD STEP V	59.061	N/A	75
Passed Through California Community Colleges Chancellor's Office California State Trade Expansion	59.061	18-0421-001-ST	<u>188,300</u>
Total U.S. Small Business Administration			<u>188,375</u>
U.S. Department Of Social Services			
Passed Through Foundation for Community Colleges Fresh Success Employment & Training (Basic Skills)	10.561	FRS-005-17	<u>20,500</u>
Total U.S. Department of Social Services			<u>20,500</u>

Los Rios Community College District  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Veterans Affairs			
Vocational and educational counseling for service members and veterans	64.125	N/A	<u>27,300</u>
Total U.S. Department of Veterans Affairs			<u>27,300</u>
Corporation for National and Community Service (CNCS)			
Americorp	94.006	N/A	<u>172,565</u>
Total Corporation for National and Community Service (CNCS)			<u>172,565</u>
Total Expenditures of Federal Awards			<u><u>\$ 118,689,435</u></u>



Los Rios Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2020

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Basic Skills Initiative (BSI)	\$ 438,914	\$ -	\$ -	\$ 438,914	\$ 438,914
Basic Skills Partnership Program Pilot	2,042,392	-	697,654	1,344,738	1,344,738
Basic Skills Student Outcomes Transformation	14,617	-	-	14,617	14,617
Board Financial Assistance Program (BFAP)	2,664,676	-	56,851	2,607,825	2,607,825
Cal Grant	9,596,980	14,516	-	9,611,496	9,611,496
California College Promise	3,752,633	-	1,108,226	2,644,407	2,644,407
CalWORKS	2,629,878	5,137	374,751	2,260,264	2,260,264
Capital Outlay Projects	3,218,196	-	2,052,818	1,165,378	1,165,378
Career Technical Education	502,318	278,990	212,787	568,521	568,521
CCCCO SSSP, SE, and SFAP Setaside Grants	6,307,851	870,691	-	7,178,542	7,178,542
CDC California Child Care & Food Program	1,399,042	42,514	-	1,441,556	1,441,556
CDF Tax Bailout	205,071	-	-	205,071	205,071
Child Care Food Program	4,548	-	-	4,548	4,548
College Specific Allocations	2,400,000	-	2,396,255	3,745	3,745
Community College Construction Act of 1980	-	2,062,182	-	2,062,182	2,062,182
Community College Completion Grant	5,087,668	-	78,743	5,008,925	5,008,925
Cooperative Agency Resource Education (CARE)	668,173	-	97,757	570,416	570,416
Disabled Students Program & Services (DSPS)	5,787,609	186,680	611,344	5,362,945	5,362,945
Economic Development	1,179,350	406,348	808,444	777,254	777,254
Equal Employment Opportunity	67,250	-	(1,772)	69,022	69,022
Extended Opportunity Program & Services (EOPS)	4,287,244	-	267,443	4,019,801	4,019,801
Financial Aid Technology	705,252	-	363,145	342,107	342,107
Foster Care Program	185,349	-	-	185,349	185,349
Guided Pathways	2,695,611	-	838,702	1,856,909	1,856,909
Hunger Free Campus	630,262	-	340,802	289,460	289,460
Innovation and Effectiveness (IEPI)	990,000	10,000	646,276	353,724	353,724
Makerspace	78,825	-	78,657	168	168
NEXTUP	1,086,921	82,495	308,672	860,744	860,744
Nursing Education	410,277	3,448	35,112	378,613	378,613
Other	2,987,304	900,639	701,525	3,186,418	3,186,418
Proposition 39 Clean Energy Fund	395,430	18,375	274,959	138,846	138,846
State Instructional Materials Grant	942,996	-	482,025	460,971	460,971
Strong Workforce Program	21,487,895	1,594,777	13,347,434	9,735,238	9,735,238
Student Equity (SE)	16,749,198	-	4,614	16,744,584	16,744,584
Student Success and Support Program (SSSP)	1,378,146	-	21,278	1,356,868	1,356,868
Veterans Resource Center	668,926	255,437	498,978	425,385	425,385
<b>Total State Programs</b>	<b>\$ 103,646,802</b>	<b>\$ 6,732,229</b>	<b>\$ 26,703,480</b>	<b>\$ 83,675,551</b>	<b>\$ 83,675,551</b>

Los Rios Community College District  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2020

Categories	*(Revised)/ Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2019 only)</b>			
1. Noncredit**	3.71	-	3.71
2. Credit	750.52	-	750.52
<b>B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)</b>			
1. Noncredit**	-	-	-
2. Credit	9.04	-	9.04
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	29,258.08	-	29,258.08
(b) Daily Census Contact Hours	1,334.03	-	1,334.03
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	116.78	-	116.78
(b) Credit	2,182.85	-	2,182.85
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	7,875.67	-	7,875.67
(b) Daily Census Contact Hours	2,494.42	-	2,494.42
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<b>44,025.10</b>	<b>-</b>	<b>44,025.10</b>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>	<b>803.66</b>	<b>-</b>	<b>803.66</b>
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit**	-	-	-
2. Credit	1,827.61	-	1,827.61
<b>Centers FTES</b>			
1. Noncredit**	-	-	-
2. Credit	5,667.50	-	5,667.50

Los Rios Community College District  
 Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 74,481,338	\$ -	\$ 74,481,338	\$ 74,481,338	\$ -	\$ 74,481,338
Other	1300	40,579,826	-	40,579,826	40,579,826	-	40,579,826
Total Instructional Salaries		115,061,164	-	115,061,164	115,061,164	-	115,061,164
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	28,924,555	-	28,924,555
Other	1400	-	-	-	2,673,273	-	2,673,273
Total Noninstructional Salaries		-	-	-	31,597,828	-	31,597,828
Total Academic Salaries		115,061,164	-	115,061,164	146,658,992	-	146,658,992
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	54,202,291	-	54,202,291
Other	2300	-	-	-	5,321,551	-	5,321,551
Total Noninstructional Salaries		-	-	-	59,523,842	-	59,523,842
Instructional Aides							
Regular Status	2200	5,416,180	-	5,416,180	5,416,180	-	5,416,180
Other	2400	779,383	-	779,383	779,383	-	779,383
Total Instructional Aides		6,195,563	-	6,195,563	6,195,563	-	6,195,563
Total Classified Salaries		6,195,563	-	6,195,563	65,719,405	-	65,719,405
Employee Benefits	3000	50,100,040	-	50,100,040	91,149,815	-	91,149,815
Supplies and Material	4000	-	-	-	4,716,582	-	4,716,582
Other Operating Expenses	5000	5,264,259	-	5,264,259	31,502,352	-	31,502,352
Equipment Replacement	6420	-	-	-	-	-	-
Prior to Exclusions		176,621,026	-	176,621,026	339,747,146	-	339,747,146

See Notes to Supplementary Information

Los Rios Community College District  
 Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,469,359	-	1,469,359
Lottery Expenditures							
Academic Salaries	1000	2,905,699	-	2,905,699	3,703,654	-	3,703,654
Classified Salaries	2000	137,080	-	137,080	1,524,480	-	1,524,480
Employee Benefits	3000	536,961	-	536,961	922,612	-	922,612
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		-	-	-	-	-	-

Los Rios Community College District  
 Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		3,579,740	-	3,579,740	7,620,105	-	7,620,105
50 Percent Law Cost/Total CEE)		\$ 173,041,286	\$ -	\$ 173,041,286	\$ 332,127,041	\$ -	\$ 332,127,041
50% of Current Expense of Education		52.10%		52.10%	100.00%		100.00%
					\$ 166,063,521		\$ 166,063,521

Los Rios Community College District  
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements  
Year Ended June 30, 2020

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2020.

Los Rios Community College District  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2020

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 22,826,110
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 22,826,110	\$ -	\$ -	\$ 22,826,110
Total Expenditures for EPA		\$ 22,826,110	-	-	\$ 22,826,110
Revenues Less Expenditures					\$ -

Los Rios Community College District  
 Reconciliation of Government Funds to the Statement of Net Position  
 Year Ended June 30, 2020

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Total Fund Balance		
General Funds	\$ 81,786,370	
Debt Service Funds	49,980,402	
Special Revenue Funds	395,928	
Capital Project Funds	222,191,540	
Enterprise Funds	8,849,004	
Internal Service Funds	13,171,892	
Fiduciary Funds	<u>2</u>	
		\$ 376,375,138
Net audit adjustments		
No adjustments were made to the District's Funds		<u>-</u>
Total fund balance		376,375,138
Reconciliation of Net Position		
Capital assets, net		738,541,201
OPEB asset		12,365,239
Deferred outflows (inflows) of resources related to pensions and OPEB		68,782,284
Deferred charges on debt refunding		8,904,405
Long-term liabilities at year end consist of		
Bonds payable	486,120,296	
Net pension obligations	<u>380,682,982</u>	<u>(866,803,278)</u>
Total net position		<u>\$ 338,164,989</u>



## **Note 1 - Purpose of Schedules**

### **District Organization**

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

### **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

### **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 84362 (50 Percent Law) Calculation**

ECS 84362 requires the District to expend a minimum of 50 percent 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.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

### **Proposition 30 Education Protection Account (EPA) Expenditure Report**

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

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

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-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, 2020

# 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***

Board of Trustees  
Los Rios Community College District  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit of the financial statements of the Los Rios Colleges Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Los Rios Colleges Foundation, the financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of Los Rios Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2021

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



San Ramon, California  
February 4, 2021

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

Board of Trustees  
Los Rios Community College District  
Sacramento, California

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

We have audited Los Rios Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2020. 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.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

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

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

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

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

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

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.

The signature is written in a cursive, handwritten style. It reads "Eric Sully" followed by "LLP" in a slightly more formal, blocky font.

San Ramon, California  
February 4, 2021



## Independent Auditor's Report on State Compliance

Board of Trustees  
Los Rios Community College District  
Sacramento, California

### Report on State Compliance

We have audited Los Rios Community College District's (the District) compliance with the types of compliance requirements as identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, applicable to the state laws and regulations listed in the table below that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2020.

### Management's Responsibility

Management is responsible for compliance with State laws and regulations as identified in the table below.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances.

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



**Other Matters**

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

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

The District reports no To Be Arranged Hours (TBA); therefore, the compliance tests within this section were not applicable.

**Unmodified Opinion for Each of the Programs**

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



San Ramon, California  
February 4, 2021

**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 Federal 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:	No

**Identification of major Federal programs:**

Name of Federal Program or Cluster Student Financial Aid Cluster	CFDA Number
Student Financial Aid Cluster	84.063, 84.268, 84.007, 84.033
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F

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

**STATE AWARDS**

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

None reported.

None reported.

None reported.

None reported.



Unaudited Supplementary Information  
June 30, 2020

# Los Rios Community College District

Los Rios Community College District  
Balance Sheets  
June 30, 2020

	General	Debt Service	Child Development	Capital Projects	Enterprise	Internal Service	Financial Aid	Governmental Fund Total (Memorandum Only)	Conversion Entries	Full Accrual Total
<b>Assets</b>										
Cash and cash equivalents	\$ 119,237,590	\$ 77,161,465	\$ 475,512	\$ 208,445,699	\$ 7,385,285	\$ 25,850,984	\$ 2,084,931	\$ 440,641,466	\$ -	\$ 440,641,466
Investments	-	866,092	-	19,098,000	-	-	-	19,964,092	-	19,964,092
Accounts receivable, net	38,439,547	453,303	42,514	4,081,959	1,112,485	221,192	169,352	44,520,352	-	44,520,352
Due from other funds	10,830,094	3,430,556	727,320	1,127,111	-	72,419	171,317	16,358,817	(16,355,649)	3,168
Prepaid expenses and other assets	4,492,706	-	-	345,035	69,971	19,035	-	4,926,747	-	4,926,747
Inventories	-	-	-	-	2,069,405	-	-	2,069,405	-	2,069,405
Net OPEB assets	-	-	-	-	-	-	-	-	12,365,239	12,365,239
Capital assets	-	-	-	-	412,912	-	-	412,912	738,128,289	738,541,201
<b>Total assets</b>	<b>172,999,937</b>	<b>81,911,416</b>	<b>1,245,346</b>	<b>233,097,804</b>	<b>11,050,058</b>	<b>26,163,630</b>	<b>2,425,600</b>	<b>528,893,791</b>	<b>734,137,879</b>	<b>1,263,031,670</b>
<b>Deferred Outflows of Resources</b>										
Deferred outflows related to pensions	-	-	-	-	-	-	-	-	100,458,046	100,458,046
Deferred outflows related to bond refunding	-	-	-	-	-	-	-	-	8,904,405	8,904,405
Deferred outflows related to OPEB	-	-	-	-	-	-	-	-	7,019,333	7,019,333
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,381,784</b>	<b>116,381,784</b>
<b>Total assets and deferred outflows</b>	<b>\$ 172,999,937</b>	<b>\$ 81,911,416</b>	<b>\$ 1,245,346</b>	<b>\$ 233,097,804</b>	<b>\$ 11,050,058</b>	<b>\$ 26,163,630</b>	<b>\$ 2,425,600</b>	<b>\$ 528,893,791</b>	<b>\$ 850,519,663</b>	<b>\$ 1,379,413,454</b>
<b>Liabilities</b>										
Accounts payable	\$ 10,017,234	\$ 800	\$ 397	\$ 3,747,962	\$ 828,347	\$ 284,987	\$ 74,105	\$ 14,953,832	\$ -	\$ 14,953,832
Payroll and related liabilities	17,619,130	-	7,409	-	-	-	-	17,626,539	-	17,626,539
Accrued interest	-	9,461,580	1,279	-	-	-	24,977	9,487,836	-	9,487,836
Due to other funds	6,198,224	407,372	699,039	4,830,524	1,164,446	1,237,248	2,203,967	16,740,820	(16,103,960)	636,860
Unearned revenue	56,913,416	-	26,568	2,327,778	(21,548)	-	122,549	59,368,763	-	59,368,763
Compensated absences	465,563	22,061,262	114,726	-	229,809	51,645	-	22,923,005	-	22,923,005
Claims liability	-	-	-	-	-	11,417,858	-	11,417,858	-	11,417,858
Long term debt	-	-	-	-	-	-	-	-	486,120,296	486,120,296
Net pension liability	-	-	-	-	-	-	-	-	380,682,982	380,682,982
<b>Total liabilities</b>	<b>91,213,567</b>	<b>31,931,014</b>	<b>849,418</b>	<b>10,906,264</b>	<b>2,201,054</b>	<b>12,991,738</b>	<b>2,425,598</b>	<b>152,518,653</b>	<b>850,699,318</b>	<b>1,003,217,971</b>
<b>Deferred Inflows of Resources</b>										
Deferred inflows of resources related to pensions	-	-	-	-	-	-	-	-	31,632,449	31,632,449
Deferred inflows of resources related to OPEB	-	-	-	-	-	-	-	-	6,398,044	6,398,044
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,030,493</b>	<b>38,030,493</b>
<b>Fund Balances</b>										
Nonspendable	4,583,951	-	-	345,035	2,139,376	-	-	7,068,362	252,007,993	259,076,355
Restricted	8,135,715	49,980,402	-	92,155,291	-	-	-	150,271,408	-	150,271,408
Committed	43,980,000	-	-	-	-	-	-	43,980,000	-	43,980,000
Assigned	-	-	-	107,876,400	-	13,171,892	-	121,048,292	-	121,048,292
Unassigned	25,086,704	-	395,928	21,814,814	6,709,628	-	2	54,007,076	(290,218,141)	(236,211,065)
<b>Total Fund Balances</b>	<b>81,786,370</b>	<b>49,980,402</b>	<b>395,928</b>	<b>222,191,540</b>	<b>8,849,004</b>	<b>13,171,892</b>	<b>2</b>	<b>376,375,138</b>	<b>(38,210,148)</b>	<b>338,164,990</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 172,999,937</b>	<b>\$ 81,911,416</b>	<b>\$ 1,245,346</b>	<b>\$ 233,097,804</b>	<b>\$ 11,050,058</b>	<b>\$ 26,163,630</b>	<b>\$ 2,425,600</b>	<b>\$ 528,893,791</b>	<b>\$ 850,519,663</b>	<b>\$ 1,379,413,454</b>



Los Rios Community College District  
Statements of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2020

	General	Debt Service	Child Development	Capital Projects	Enterprise	Internal Service	Financial Aid	Governmental Funds Total (Memorandum Only)	Conversion Entries	Full Accrual Total
<b>Revenues</b>										
Federal	\$ 21,995,909	\$ -	\$ 78,711	\$ -	\$ -	\$ -	\$ 96,614,815	\$ 118,689,435	\$ -	\$ 118,689,435
State	307,149,427	-	1,747,389	3,366,407	-	-	14,620,421	326,883,644	-	326,883,644
Local	131,511,143	54,195,068	-	772,310	-	-	-	186,478,521	(6,614,746)	179,863,775
Operational	-	-	-	-	15,154,863	6,576,203	-	21,731,066	-	21,731,066
Interest and other	1,845,510	2,182,370	5,720	5,265,701	122,354	482,654	-	9,904,309	-	9,904,309
<b>Total revenues</b>	<b>462,501,989</b>	<b>56,377,438</b>	<b>1,831,820</b>	<b>9,404,418</b>	<b>15,277,217</b>	<b>7,058,857</b>	<b>111,235,236</b>	<b>663,686,975</b>	<b>(6,614,746)</b>	<b>657,072,229</b>
<b>Expenditures</b>										
<b>Current Expenditures</b>										
Academic salaries	161,755,110	-	-	-	-	-	-	161,755,110	-	161,755,110
Classified salaries	94,349,483	-	1,384,857	-	3,617,862	170,747	-	99,522,949	-	99,522,949
Employee benefits	106,084,896	-	712,042	-	1,108,995	79,734	-	107,985,667	13,926,041	121,911,708
Books and supplies	10,140,795	-	97,081	1,042,536	218,573	-	-	11,498,985	(4,490,712)	7,008,273
Cost of goods sold	-	-	-	-	6,918,915	-	-	6,918,915	-	6,918,915
Services and operating expenditures	53,832,558	-	9,179	2,718,139	4,235,731	7,303,459	136,821	68,235,887	-	68,235,887
Student financial aid	9,011,603	-	-	-	-	-	114,437,819	123,449,422	-	123,449,422
Capital outlay	3,701,900	-	31,363	54,774,753	-	-	-	58,508,016	(58,508,016)	-
Depreciation	-	-	-	-	151,635	-	-	151,635	28,801,060	28,952,695
Debt service - principal	-	31,175,000	-	-	-	-	-	31,175,000	(31,175,000)	-
Debt service - interest and other	-	19,559,722	-	23,606	-	-	-	19,583,328	(2,225,824)	17,357,504
<b>Total expenditures</b>	<b>438,876,345</b>	<b>50,734,722</b>	<b>2,234,522</b>	<b>58,559,034</b>	<b>16,251,711</b>	<b>7,553,940</b>	<b>114,574,640</b>	<b>688,784,914</b>	<b>(53,672,451)</b>	<b>635,112,463</b>
<b>Excess of Revenues over (Under) Expenditures</b>	<b>23,625,644</b>	<b>5,642,716</b>	<b>(402,702)</b>	<b>(49,154,616)</b>	<b>(974,494)</b>	<b>(495,083)</b>	<b>(3,339,404)</b>	<b>(25,097,939)</b>	<b>47,057,705</b>	<b>21,959,766</b>
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	1,467,504	10,566,814	548,932	9,855,877	275,651	-	3,339,406	26,054,184	(26,028,454)	25,730
Operating transfers out	(13,718,220)	(10,911,117)	-	(834,886)	(343,285)	-	-	(25,807,508)	25,807,508	-
Other sources	-	10,945,000	-	-	-	-	-	10,945,000	(10,945,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(12,250,716)</b>	<b>10,600,697</b>	<b>548,932</b>	<b>9,020,991</b>	<b>(67,634)</b>	<b>-</b>	<b>3,339,406</b>	<b>11,191,676</b>	<b>(11,165,946)</b>	<b>25,730</b>
<b>Excess of Revenues and Other Financing Sources over (Under) Expenditures and Other Uses</b>	<b>11,374,928</b>	<b>16,243,413</b>	<b>146,230</b>	<b>(40,133,625)</b>	<b>(1,042,128)</b>	<b>(495,083)</b>	<b>2</b>	<b>(13,906,263)</b>	<b>35,891,759</b>	<b>21,985,496</b>
<b>Fund Balances, Beginning of Year</b>	<b>70,411,442</b>	<b>33,736,989</b>	<b>249,698</b>	<b>262,325,165</b>	<b>9,891,132</b>	<b>13,666,975</b>	<b>-</b>	<b>390,281,401</b>	<b>(74,101,907)</b>	<b>316,179,494</b>
<b>Fund Balances, End of Year</b>	<b>\$ 81,786,370</b>	<b>\$ 49,980,402</b>	<b>\$ 395,928</b>	<b>\$ 222,191,540</b>	<b>\$ 8,849,004</b>	<b>\$ 13,171,892</b>	<b>\$ 2</b>	<b>\$ 376,375,138</b>	<b>\$ (38,210,148)</b>	<b>\$ 338,164,990</b>

**Note 1 - Purpose of Schedules**

**Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.