Financial Statements
June 30, 2021

Los Rios Community College District

Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

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, 2021, 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.

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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, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 15 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 other supplementary information 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, 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.

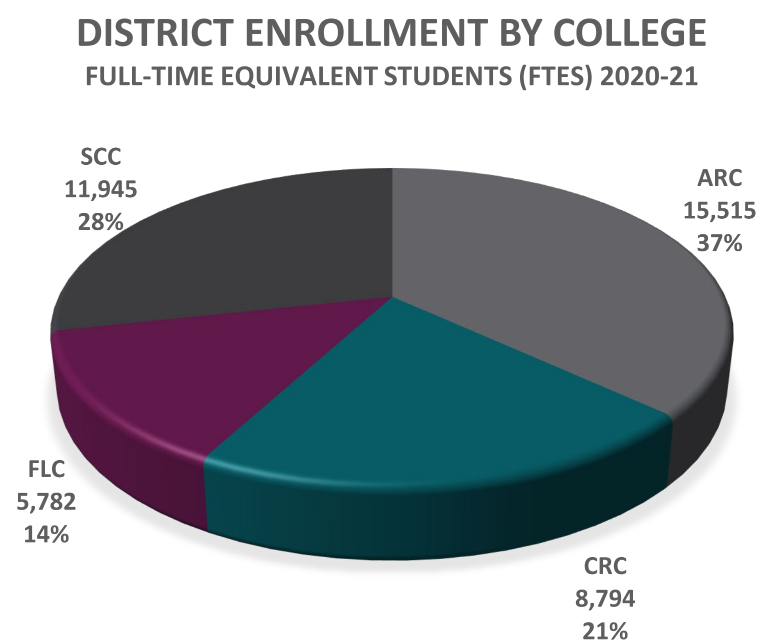
Eide Bailly LLP

San Ramon, California
February 1, 2022
Except as to pages 14,15,16,18, and Note 16, which are dated March 18, 2022

DISTRICT BACKGROUND

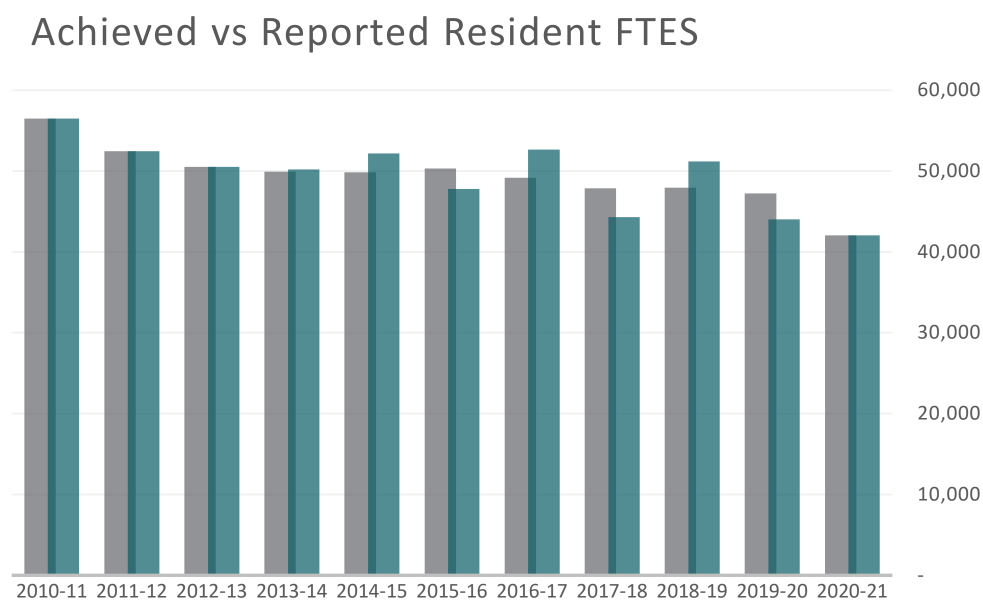
The Los Rios Community College District (the District) was formed in 1965 as a result of the consolidation of ten separate K-12 “feeder” districts. The District initially consisted of two colleges: Sacramento City College (SCC), founded in 1916, and American River College (ARC), founded in 1955. Cosumnes 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 65,000 students enrolled during our primary terms, the District is the second-largest community college district in California and one of the largest in the nation. The District, covering approximately 2,440 square miles, includes most of Sacramento and El Dorado Counties and parts of Yolo, Placer, and Solano Counties.



ATTENDANCE

The District’s achieved attendance decreased 11% in the current year compared to prior year. The decrease in attendance is attributed to the COVID-19 pandemic. The District's enrollment trends are consistent with most districts in the State.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Achieved FTES	56,499	52,466	50,499	49,936	49,853	50,311	49,173	47,847	47,955	47,238	42,036
Reported Resident FTES	56,499	52,466	50,499	50,209	52,171	47,779	52,640	44,313	51,170	44,025	42,036

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.

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 2020-2021 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 2021 Budget Act extended the SCFF's hold harmless provision by one year, through 2024-25. The District's fiscal year 2020-21 SCFF calculation fell under the hold harmless provision, as SCFF calculated funding ($320 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 District reduced SCFF by $2.0 million to account for this projected funding deficit.

The District closed the year with unrestricted general fund reserves of $113 million, or 26% 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 $254 million.

As of June 30, 2021, 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. Subsequent to the fiscal year end, on July 1, 2021, the District issued the fifth series of Measure M, Series E, for $130 million for a total Measure M issuance of $465 million. 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 28 projects currently in progress. As of June 30, 2021, Measure A was fully expended, and nearly all Measure M funds have been expended or committed.

The impact of the COVID-19 pandemic is discussed throughout the MD&A.

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 $382 million.

	2021	2020*
ASSETS		
Current assets	$ 541,005,994	$ 514,575,714
Noncurrent assets:		
Net OPEB asset	15,938,541	12,365,239
Capital assets, net	744,610,018	738,541,201
Total Assets	1,301,554,553	1,265,482,154
DEFERRED OUTFLOWS OF RESOURCES	118,409,788	116,381,784
LIABILITIES		
Current liabilities	154,980,957	153,001,433
Long-term obligations	854,493,118	850,216,918
Total Liabilities	1,009,474,075	1,003,218,351
DEFERRED INFLOWS OF RESOURCES	28,332,962	38,030,493
NET POSITION		
Net investment in capital assets	369,928,949	344,581,636
Restricted	59,753,906	60,649,577
Unrestricted	(47,525,551)	(64,616,119)
Total Net Position	$ 382,157,304	$ 340,615,094

* Restated for adoption of GASB 84

A significant factor that contributes to the negative $48 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.

	With the Net Pension Liability and Related	Without the Net Pension Liability and Related
NET POSITION		
Net investment in capital assets	$ 369,928,949	$ 369,928,949
Restricted	59,753,906	59,753,906
Unrestricted	(47,525,551)	296,486,684
Total Net Position	$ 382,157,304	$ 726,169,539

The District's $370 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 $60 million of net position. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on their use.

Statement of Revenues, Expenses, and Changes in Net Position

	2021	2020*
OPERATING REVENUES		
Net tuition and fees	$ 23,721,533	$ 26,557,867
Grants and contracts	228,268,270	197,475,059
Auxiliary sales and charges	44,577	15,154,863
Other operating income	6,353,548	5,025,324
Total Operating Revenues	258,387,928	244,023,681
OPERATING EXPENSES		
Salaries	251,827,441	261,278,059
Benefits (including CalPERS, CalSTRS & OPEB)	137,831,983	121,911,708
Supplies, materials, other operating expense and services	43,925,524	82,363,438
Student financial aid	132,816,296	123,449,422
Depreciation	27,540,369	28,952,695
Total Operating Expenses	593,941,613	617,754,959
Loss From Operations	(335,553,685)	(373,731,278)
NONOPERATING REVENUE (EXPENSE)		
State apportionments and EPA, noncapital	202,166,451	206,815,546
Property taxes	153,947,570	150,795,882
Lottery and other revenue	30,600,817	41,925,744
Net investment income less interest expense	(13,237,980)	(7,453,196)
Other nonoperating revenue (expense)	1,345,634	266,390
Total Nonoperating Revenue (Expense)	374,822,492	392,350,366
OTHER REVENUE (EXPPENSE)		
State and local capital income	2,740,404	3,366,407
Discontinued bookstore operations	(467,002)	
Total other revenue (expense)	2,273,402	3,366,407
Net Increase in Net Position	$ 41,542,209	$ 21,985,495

* Restated for adoption of GASB 84

The decrease in *Net tuition and fees* is due to a decrease in enrollment as a result of the COVID-19 pandemic.

Grants and contracts, included in operating revenue, increased primarily due to an additional $40.6 million in CARES ACT Higher Education Emergency Relief Funds (HEERF) expenditures compared to the prior year.

Auxiliary sales and charges in the prior year included 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 Higher Education Group, Inc., 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 decrease in auxiliary sales and charges.

At the adoption of the 2020-21 District budget, experts around the state anticipated catastrophic budget reductions due to uncertainty about the future of the economy. The effects of COVID-19 on enrollment and anticipated negative economic impacts contributed to the approximately $14.9 million reduction in non-permanent employee *salaries* in the current year. At the start of the COVID-19 pandemic through most of 2020-21, the District froze all hiring with some limited exceptions in anticipation of the looming budget issues, which contributed to a reduction in permanent employee *salaries* of approximately $7.4 million. As fiscal year 2020-21 progressed, state revenues came in significantly higher than projected and the anticipated catastrophic budget reductions were no longer a threat to the District's immediate future. The improved economic outlook allowed the District to remove the hiring freeze and employ additional non-permanent employees. In addition, the District was able to secure one-time only resources to retroactively improve the 2020-21 salary schedules, which contributed to an $8 million increase to *salaries*.

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. Pension and OPEB expense, included in *benefits* expense, increased by $16.4 million and decreased by $2.3 million, respectively, due to recording the related liability changes, deferred outflows, and inflows over and above the prior year.

Supplies, materials, other operating expense and services decreased by $38.4 million primarily due the reduced costs of mostly operating in a remote environment, the ceased operations of the Harris Center and the outsourcing of the Bookstore operations.

Student financial aid, included in operating expenses, increased due a higher number of students applying for and qualifying for financial aid.

State apportionments and EPA, noncapital decreased due to the increase in the assessed values of property taxes discussed below.

Property taxes increased by $3.2 million. An increase of $5.5 million was due to improved assessed property values within the counties the District serves, which is offset by $2.3 million decrease in assessments to cover decreasing general obligation bonds debt service payments.

Lottery and other revenue decreased primarily due to a reduction in other revenue of $7.2 million as a result of discontinued administration of the set-aside grants and a $4.9 million reduction in lottery proceeds.

Discontinued bookstore operations of $467 thousand represents the net loss of dissolving the bookstore fund as a result of outsourcing the bookstore operations.

Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2021, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Land, construction in progress & collectibles	$ 113,957,118	$ 25,702,957	$ (176,618)	$ 139,483,457
Site improvements	73,854,424	488,793	-	74,343,217
Buildings and improvements	796,440,158	2,196,716	(2,079,992)	796,556,882
Equipment	192,037,741	4,616,212	(1,132,439)	195,521,514
Library books	5,788,662	781,126	(495,320)	6,074,468
Subtotal	1,182,078,103	33,785,804	(3,884,369)	1,211,979,538
Accumulated depreciation	(443,536,902)	(27,540,369)	3,707,751	(467,369,520)
TOTAL	$ 738,541,201	$ 6,245,435	$ (176,618)	$ 744,610,018

Land, construction in progress and collectibles additions were $25.7 million. The additions are primarily from the following construction projects: modernization of the ARC liberal arts building, modernization of SCC Mohr Hall, district-wide security improvements, Science 2.1 building at FLC, CRC auto tech modernization and expansion, ARC tech education modernization, Natomas Center phase 2 & 3, and the CRC College Center expansion.

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

Equipment additions of $4.6 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.

Buildings and improvements, equipment and accumulated depreciation deletions primarily consists of capital assets disposed of as a result of the discontinued bookstore operations.

Long-Term Debt

The changes in the District's long-term debt during the fiscal year ended June 30, 2021 consisted of the following:

	Beginning of Year	Additions	Deletions	End of Year
General obligation bonds	$ 486,120,296	$ -	$ (43,801,606)	$ 442,318,690

General obligation bond activity consisted of regular principal payments and amortization of bond issuance premiums.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

In 2020-21, there was a dramatic decline in economic activity in the second quarter, followed by an uneven recovery for the remainder of the year. For 2021-22, the economy, buoyed by multiple rounds of federal stimulus, an accommodative monetary policy, a massive vaccination program and the consequent reopening of the economy, appears poised for rapid expansion through the remainder of the fiscal year and continued growth in 2022-23 and beyond. This improvement in the projected path of economic activity has led to a significant improvement in the revenue forecast. In addition to the improved economic picture, hopeful stock market strength, and wage withholding has continued to outpace even the upgraded wage growth forecast; both factors optimistically will lead to higher revenue projections. The 2021 Budget Act reflected a correction to the overestimated deficit from the prior year (2020-21) and substantial recovery to the state's finances following the pandemic-induced recession.

Each year, the state calculates a "minimum guarantee" for school and community college funding based on a set of formulas established in Proposition 98 and related statutes. The minimum guarantee for 2021-22 is only marginally higher than the minimum guarantee for 2020-21, but the revised guarantee for 2020-21 was 17% higher than in 2019-20. The increase is largely due to substantially higher state General Fund revenues for 2020-21 than had been expected at the start of the pandemic. If revenues for 2021-22 continue to come in higher than expected, the increase to the minimum guarantee in 2021-22 would be greater. The enacted budget relied on the Department of Finance (DOF) revenue estimates, which were somewhat lower than estimates made by the Legislative Analyst's Office (LAO). If revenues continue to outperform expectations, Proposition 98 funding requirements for 2021-22 could increase, and would be reflected in later budget measures.

The 2021 Budget Act includes $765 million in ongoing policy adjustments compared with revised 2020-21 expenditure levels. Most notably, the proposal includes a COLA of 5.07% for the Student Centered Funding Formula (SCFF), matching the COLA provided for the K12 Local Control Funding Formula. As described in the May Revise, the COLA is intended to cover the unfunded statutory COLA from 2020-21 of 2.31% plus the statutory COLA from 2021-22 of 1.70% along with an additional approximately 1% increase that was provided to K-12. It also includes a 1.7% COLA for certain categorical programs, provides substantial one-time funding to address deferred maintenance, and increases both ongoing and one-time funding for a variety of student support needs.

While the economy is much better than expected, enrollment at our District and throughout California is down significantly. Community College funding is predominately based on enrollment. If enrollment does not rebound by the time the state's "hold harmless" ends in fiscal year 2025, the District's funding will be significantly impacted.

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 a potential economic downturn.

Challenging decisions continue to 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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Assets	
Current Assets	
Cash and cash equivalents	$ 319,627,341
Restricted cash and cash equivalents	127,509,574
Accounts receivable, net	88,784,864
Prepaid expenses and other assets	5,084,215
Total current assets	541,005,994
Noncurrent Assets	
Net OPEB asset	15,938,541
Nondepreciable capital assets	139,483,457
Depreciable capital assets, net of depreciation	605,126,561
Total noncurrent assets	760,548,559
Total assets	1,301,554,553
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	104,013,830
Deferred charge on refunding	7,579,905
Deferred outflows of resources related to OPEB	6,816,053
Total deferred outflows of resources	118,409,788
Liabilities	
Current Liabilities	
Accounts payable	8,853,247
Payroll and related liabilities	34,742,616
Interest payable	8,710,849
Unearned revenue	52,628,570
Compensated absences payable - current portion	5,497,716
Bonds payable and premium liability - current portion	44,547,959
Total current liabilities	154,980,957

Noncurrent Liabilities	
Compensated absences payable - noncurrent portion	18,784,320
Bonds payable and premium liability - noncurrent portion	397,770,731
Aggregate net pension obligation	427,186,018
Claims liability	10,752,049
Total noncurrent liabilities	854,493,118
Total liabilities	1,009,474,075
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	20,840,047
Deferred inflows of resources related to OPEB	7,492,915
Total deferred inflows of resources	28,332,962
Net Position	
Net investment in capital assets	369,928,949
Restricted for:	
Debt service	43,627,489
Other activities	16,126,417
Unrestricted deficit	(47,525,551)
Total net position	$ 382,157,304

Operating Revenues	
Student Tuition and Fees	59,939,956
Less: Scholarship discount and allowance	(36,218,423)
Net tuition and fees	23,721,533
Grants and Contracts, Noncapital	
Federal	149,558,959
State	78,099,554
Local	609,757
Net grants and contracts, noncapital	228,268,270
Auxiliary Enterprise Sales and Charges	
Bookstore	44,577
Other operating revenues	6,371,623
Total operating revenues	258,406,003
Operating Expenses	
Salaries	251,827,441
Employee benefits	137,831,983
Supplies, materials, and other operating expenses and services	43,943,599
Student financial aid	132,816,296
Depreciation	27,540,369
Total operating expenses	593,959,688
Operating loss	(335,553,685)
Nonoperating Revenues (Expenses)	
State apportionments and education protection act, noncapital	202,166,451
Local property taxes, levied for general purposes	102,063,348
Taxes levied for other specific purposes - Debt service	51,884,222
Lottery, state taxes and other revenues	30,600,817
Investment income	2,414,018
Interest expense and service charges on capital related debt	(15,651,998)
Other nonoperating revenue - gifts	1,345,634
Total nonoperating revenues (expenses)	374,822,492
Income before other revenues and expenses	39,268,807
Other Revenues and Expenses	
State revenues, capital	2,740,404
Discontinued bookstore operations	(467,002)
Total other revenues and expenses	2,273,402
Change in Net Position	41,542,209
Net position, beginning of year, restated	340,615,095
Net position, end of year	$ 382,157,304

Cash Flows from Operating Activities	
Tuition and fees	$ 17,683,943
Federal, state and local grants and contracts	233,872,668
Payments to vendors for supplies and services	(51,917,357)
Payments to or on behalf of employees	(342,713,823)
Payments to students for scholarships and grants	(132,814,871)
Auxiliary enterprise sales and charges	7,399,538
Net cash flows used by operating activities	(268,489,902)
Cash Flows from Noncapital Financing Activities	
State apportionments	152,785,101
Property taxes - noncapital related	102,063,348
Other nonoperating (lottery and other)	28,709,977
Net cash flows provided by noncapital financing activities	283,558,426
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(33,962,422)
State revenue, capital projects	2,740,404
Property taxes - related to capital debt	54,624,626
Principal paid on capital debt	(40,755,000)
Interest paid on capital debt	(18,151,091)
Net cash flows used by capital financing activities	(35,503,483)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	19,964,092
Interest received from investments	4,529,721
Net cash flows provided by investing activities	24,493,813
Net Change in Cash and Cash Equivalents	4,058,854
Cash and Cash Equivalents, Beginning of Year, Restated	443,078,061
Cash and Cash Equivalents, End of Year	$ 447,136,915

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (335,553,685)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities	
Depreciation expense	27,540,369
Changes in Assets and Liabilities	
Discontinued operations	(467,002)
Receivables	(1,752,742)
Inventories	2,069,405
Prepaid expenses	(157,468)
Accounts payable and accrued liabilities	16,299,829
Unearned revenue	(6,740,193)
Change in other post employment benefits	(3,573,302)
Compensated absences	1,359,031
Change in deferred outflows	(3,653,841)
Change in deferred inflows	(9,778,436)
Pension obligation	46,583,942
Claims liabilities	(665,809)
Total adjustments	67,063,783
Net cash flows used by operating activities	$ (268,489,902)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 7,954,434
Cash in state cash pool - LAIF	7,501,733
Cash in county treasury	431,680,748
Total cash and cash equivalents	$ 447,136,915
Noncash Transactions	
Amortization of premium on capital related debt	$ 3,046,606
Amortization of deferred charge on refunding	$ (1,324,500)

	Retiree Health Benefits Trust	Agency Funds
Assets		
Cash and cash equivalents	$ 1,015,116	$ 665,744
Investments	160,607,862	-
Accounts receivable, net	-	3,427
Due from primary government	688,640	-
Total assets	162,311,618	$ 669,171
Liabilities		
Accounts payable	59,200	569
Due to primary government	-	1,000
Due to others	-	667,602
Total liabilities	59,200	$ 669,171
Net Position		
Restricted for postemployment benefits other than pensions	162,252,418	
Total net position	$ 162,252,418	

	Retiree Health Benefits Trust
Additions	
Employer contributions	$ 3,888,640
Investment income:	
Net increase in fair value of investments	9,459,338
Interest and dividends	9,159,473
Less investment expense	(230,355)
	18,388,456
Total additions	22,277,096
Deductions	
Benefit payments	3,526,109
Change in Net Position	18,750,987
Net Position - Beginning	143,501,431
Net Position - Ending	$ 162,252,418

Assets	
Current Assets	
Cash and cash equivalents	$ 2,141,959
Accounts receivable	1,008
Promises to give, current portion	404,472
Total current assets	2,547,439
Noncurrent Assets	
Investments	16,547,730
Beneficial interest in assets	224,098
Long-term promises to give	209,000
Total noncurrent assets	16,980,828
Total Assets	$ 19,528,267
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 7,478
Net Assets	
Without donor restrictions	2,405,697
With donor restrictions	17,115,092
Total net assets	19,520,789
Total liabilities and net assets	$ 19,528,267

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 197,075	$ 2,308,058	$ 2,505,133
Investment earnings	6,860	-	6,860
In-kind contributions	61,440	-	61,440
Assets released from restrictions	2,208,884	(2,208,884)	-
Total revenues	2,474,259	99,174	2,573,433
Expenses			
Scholarships	687,980	-	687,980
College support	1,503,910	-	1,503,910
Grants and sponsorships	9,717	-	9,717
Administrative	149,367	-	149,367
Fundraising	44,760	-	44,760
Total expenses	2,395,734	-	2,395,734
Other Revenues (Expenses)			
Interest and dividends	64,113	178,400	242,513
Realized loss on sale of investment	49,482	201,069	250,551
Unrealized gains (losses)	121,803	1,923,555	2,045,358
Intrafund transfers	(8,251)	8,251	-
	227,147	2,311,275	2,538,422
Change in Net Assets	305,672	2,410,449	2,716,121
Net Assets, Beginning of Year	2,100,025	14,704,643	16,804,668
Net Assets, End of Year	$ 2,405,697	$ 17,115,092	$ 19,520,789

Cash Flows from Operating Activities	
Proceeds from:	
Contributions for scholarships	$ 1,983,633
Pledge campaign	563,614
Annual fund	98,819
Other receipts	221,258
Interest on investments	4,495
Payments for:	
Scholarships awarded	(693,995)
Payments to suppliers	(1,560,057)
Payments for services	(41,917)
Payments for travel, conferences & meetings	(9,630)
Other operating costs	(647,177)
Net cash flows used by operating activities	(80,957)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	5,328,104
Interest and dividends on investments	327,403
Investment expenses	(89,384)
Purchases of investments	(5,255,291)
Net cash flows provided by investing activities	310,832
Net Change in Cash and Cash Equivalents	229,875
Cash and Cash Equivalents, Beginning of Year	1,912,084
Cash and Cash Equivalents, End of Year	$ 2,141,959
Changes in net assets	$ 2,716,121
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
(Gain) loss on sale of investments	(250,551)
Unrealized (gain) loss on investments	(2,045,358)
Interest and dividends on investments	(238,017)
Changes in:	
Accounts receivable	355,332
Prepaid expense	15,583
Accounts payable	(634,067)
Net Cash Used by Operating Activites	$ (80,957)
Supplemental Disclosure of Noncash Amounts	
In-kind donations	$ 61,440

Note 1 - Organization

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

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

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

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 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 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, 2021 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.

The District's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $741,597 for the year ended June 30, 2021.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2021.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, buildings and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. 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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources related to debt funding, OPEB related items, and pension related items.

The deferred outflows of resources related to debt 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, Supplemental Educational Opportunity Grants (SEOG), 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.

New 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. The statement was implemented as of July 1, 2020.

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.

Future Accounting Pronouncements

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, 2021, consist of the following:

	Primary Government	Fiduciary Funds	Foundation
Cash and cash equivalents	$ 319,627,341	$ 1,680,860	$ 2,141,959
Restricted investments	-	160,607,862	16,547,730
Restricted cash and cash equivalents	127,509,574	-	-
Total deposits and investments	$ 447,136,915	$ 162,288,722	$ 18,689,689
Cash on hand and in banks	$ 2,927,647	$ 279,293	$ 2,141,959
Cash in revolving	117,500	7,659	-
Cash awaiting deposit	4,909,287	-	-
Money market funds	-	1,015,116	-
Investments - County Treasury Pool	431,680,748	-	-
Investments - LAIF	7,501,733	378,792	-
Investments - other	-	160,607,862	16,547,730
Total deposits and investments	$ 447,136,915	$ 162,288,722	$ 18,689,689

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	Maturity in Years >5
Debt securities and other investments	$ 177,155,592	$ 177,155,592	$ -

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	Rating as of Year End Aa	Rating as of Year End Unrated
Miscellaneous:				
Mutual funds and other securities	$ 177,155,592	$ -	$ -	$ 177,155,592

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. At June 30, 2021, there are no investments in one issuer that represent five percent or more of the total investments.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The 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, 2021, District bank balances of approximately $16,000,000 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, 2021 for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources as follows:

Federal Government	
Categorical aid	$ 24,022,987
State Government	
Apportionment	24,957,634
Categorical aid	20,246,871
Lottery	1,158,484
Local Sources	
Interest	1,143,214
Other local sources	17,997,271
Less allowance for uncollectible amounts	(741,597)
Total	$ 88,784,864

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 - Prepaid Expenses

Prepaid expenses at June 30, 2021 consisted of the following:

Education	$ 369,400
Employee benefits	3,679,958
Insurance	88,152
Marketing and Advertising	459,917
Technology	275,893
Other	210,895
Total	$ 5,084,215

Note 7 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2021, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 6,870,382	$ -	$ -	$ 6,870,382
Construction in progress	105,389,336	25,702,957	(176,618)	130,915,675
Collectibles	1,697,400	-	-	1,697,400
Total capital assets not being depreciated	113,957,118	25,702,957	(176,618)	139,483,457
Capital Assets Being Depreciated				
Site improvements	73,854,424	488,793	-	74,343,217
Buildings and improvements	796,440,158	2,196,716	(2,079,992)	796,556,882
Equipment	192,037,741	4,616,212	(1,132,439)	195,521,514
Library books	5,788,662	781,126	(495,320)	6,074,468
Total capital assets being depreciated	1,068,120,985	8,082,847	(3,707,751)	1,072,496,081
Total capital assets	1,182,078,103	33,785,804	(3,884,369)	1,211,979,538
Less Accumulated Depreciation				
Site improvements	(60,901,236)	(2,717,654)	-	(63,618,890)
Buildings and improvements	(218,477,134)	(14,637,541)	2,079,992	(231,034,683)
Equipment	(159,781,214)	(9,581,648)	1,132,439	(168,230,423)
Library books	(4,377,318)	(603,526)	495,320	(4,485,524)
Total accumulated depreciation	(443,536,902)	(27,540,369)	3,707,751	(467,369,520)
Total net capital assets	$ 738,541,201	$ 6,245,435	$ (176,618)	$ 744,610,018

Depreciation expense for the year was $27,540,369.

Note 8 - 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 2021 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	$ 455,960,000	$ -	$ 40,755,000	$ 415,205,000	$ 41,875,000
Bond issuance premiums	30,160,296	-	3,046,606	27,113,690	2,672,959
Total bonds	$ 486,120,296	$ -	$ 43,801,606	$ 442,318,690	$ 44,547,959

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, 2021, $600,000,000 had been issued and $415,205,000 was outstanding. Interest rates on the bonds range from 1.32 to 5.375 percent.

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

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
Measure A Bonds									
2002 Series E	6/27/2013	8/1/2038	2.00-5.00%	$ 20,000,000	$ -	$ 16,600,000	$ -	$ 625,000	$ 15,975,000
2002 Series F	1/25/2018	8/1/2023	2.00-4.00%	27,500,000	-	24,760,000	-	2,790,000	21,970,000
2010 Refunding	10/7/2010	8/1/2027	2.00-5.00%	-	21,025,000	1,235,000	-	1,235,000	-
2011 Refunding	10/20/2011	8/1/2027	2.00-5.00%	-	40,195,000	24,475,000	-	2,910,000	21,565,000
2012 Refunding	10/20/2011	8/1/2030	2.00-5.25%	-	62,920,000	47,005,000	-	2,910,000	44,095,000
2016 Refunding	4/21/2016	8/1/2026	2.00-5.00%	-	39,315,000	27,940,000	-	2,735,000	25,205,000
2020 Refunding	6/11/2020	8/1/2027	1.32%	-	10,945,000	10,945,000	-	225,000	10,720,000
Total Measure A				102,500,000	174,400,000	152,960,000	-	13,430,000	139,530,000
Measure M Bonds									
2008 Series A	10/19/2010	8/1/2035	2.00-5.00%	130,000,000	-	2,395,000	-	2,395,000	-
2008 Series B	6/27/2013	8/1/2038	2.00-5.00%	60,000,000	-	53,800,000	-	1,300,000	52,500,000
2008 Series C	1/25/2018	8/1/2032	2.00-4.00%	65,000,000	-	62,735,000	-	2,595,000	60,140,000
2008 Series D	6/26/2019	8/1/2044	4.00-5.00%	80,000,000	-	80,000,000	-	21,035,000	58,965,000
2017 Refunding	11/30/2017	8/1/2035	2.00-5.00%	-	106,850,000	104,070,000	-	-	104,070,000
Total Measure M				335,000,000	106,850,000	303,000,000	-	27,325,000	275,675,000
Total Bond Measures				$437,500,000	$281,250,000	$455,960,000	$ -	$ 40,755,000	$ 415,205,000

Debt Maturity

General Obligation Bonds

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
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	26,040,000	12,038,486	38,078,486
2027-2031	123,560,000	42,556,908	166,116,908
2032-2036	99,925,000	18,727,913	118,652,913
2037-2041	29,750,000	5,531,625	35,281,625
2042-2045	20,660,000	1,290,300	21,950,300
Total	$ 415,205,000	$ 139,224,817	$ 554,429,817

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 9 - 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 consist of the Vice Chancellor of 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 30, 2019, the OPEB Plan membership consisted of the following:

Participating active members	2,303
Retired employees receiving benefits	987
Retired employees entitled to but not receiving benefits	99
	3,389

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, 2021, the District contributed $3,888,640 to the OPEB Trust, of which $3,526,109 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	$306

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 30, 2019
Measurement date	June 30, 2020
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[1]	3.25%
Long-term return on assets [2]	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 [3]	5-7%

(1) Since benefits do not depend on salary, this is used only to allocate the costs of benefits between service years.
(2) Net of Plan investment expense; includes inflation.
(3) 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, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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	$ 4,280,025	$ -	$ 4,280,025
Interest	6,158,278	-	6,158,278
Net investment income	-	9,957,190	(9,957,190)
Contributions - employer	-	4,054,415	(4,054,415)
Benefit payments	(3,521,891)	(3,521,891)	-
Change in OPEB asset	6,916,412	10,489,714	(3,573,302)
Net OPEB asset, July 1, 2020	120,646,478	133,011,717	(12,365,239)
Net OPEB asset, June 30, 2021	$ 127,562,890	$ 143,501,431	$ (15,938,541)

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)	$ 4,715,171	$ (15,938,541)	$ (32,667,962)

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%)
Net OPEB liability (asset)	$ (34,827,115)	$ (15,938,541)	$ 8,065,910

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

For the year ended June 30, 2021, the District recognized OPEB expense of $2,250,349. The District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings on OPEB Plan investments		$ 4,273,677
Differences between expected and actual experience	$ 2,927,413	
Change of assumptions		3,219,238
OPEB contributions subsequent to the measurement date	3,888,640	
Total	$ 6,816,053	$ 7,492,915

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
2022	$ (1,312,375)
2023	(996,803)
2024	(1,161,149)
2025	(553,982)
2026	(414,811)
Thereafter	(126,382)

Note 10 - Lease Revenue Bonds

The District and the State have entered into financing arrangements under which the State provides funds for the construction of certain facilities. The funds are proceeds from lease revenue bonds issued by the State of California, Public Works Board (the Board). The bonds are a special obligation of the Board payable from State General Fund revenues appropriated to the California Community Colleges Board of Governors who therein made adequate provision in the annual budget of the State for the services of such bonds. However, in the unlikely event that the State is unable to pay the semi-annual installment payment, the District would be responsible for the payments attributable to the District's facilities. No amounts had been accrued for any contingent payments at June 30, 2021.

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, 2021 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 11 - 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, 2021, 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, 2019 to June 30, 2021:

Liability Balance, July 1, 2019	$ 10,487,381
Claims and changes in estimates	1,313,147
Claims payments	(382,670)
Liability Balance, June 30, 2020	11,417,858
Claims and changes in estimates	611,406
Claims payments	(1,277,215)
Liability Balance, June 30, 2021	$ 10,752,049
Assets Available to Pay Claims at June 30, 2021	$ 11,842,803

Note 12 - 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, 2021, 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	$ 246,350,963	$ 72,964,188	$ 17,176,248	$ 35,668,599
CalPERS	180,835,055	31,049,642	3,663,799	35,015,955
Total	$ 427,186,018	$ 104,013,830	$ 20,840,047	$ 70,684,554

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, 2019, 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31,	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	20.700%	20.700%

CalSTRS Contributions

Required member, District, and State contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS were to increase to a total of 19.1 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, 2021, are presented above, and the District's total contributions were $21,633,010.

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, 2021, which amounted to $13,718,653 (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, 2021, 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	$ 246,350,963
State's proportionate share of net pension	114,877,283
Total	$ 361,228,246

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.2542 percent and 0.2331 percent, respectively, resulting in a net increase of 0.0211 percent in the proportionate share.

For the year ended June 30, 2021, the District recognized pension expense of $35,668,599. In addition, the District recognized revenue of $13,718,653 for support provided by the State. At June 30, 2021, 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	$ 21,633,010	$ -
Change in proportionate share of net pension liability	21,021,893	10,228,728
Differences between projected and actual earnings on pension plan investments	5,851,881	-
Differences between expected and actual experience in the measurement of the total pension liability	434,697	6,947,520
Change of assumptions	24,022,707	-
Total	$ 72,964,188	$ 17,176,248

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

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

Year Ended June 30,	Deferred Outflows of Resources
2022	$ (3,570,783)
2023	1,993,843
2024	3,977,940
2025	3,450,881

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
2022	$ 8,884,389
2023	7,078,689
2024	7,377,300
2025	1,616,516
2026	808,200
Thereafter	2,537,955

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 30,2020 , are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.80%
Real estate	15%	3.60%
Private equity	13%	6.30%
Fixed income	12%	1.30%
Risk mitigating strategies	10%	1.80%
Inflation sensitive	6%	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%)	$ 372,201,989
Current discount rate (7.10%)	$ 246,350,963
1% increase (8.10%)	$ 142,443,218

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, 2019, 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 School Employer Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31,	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	20.700%	20.700%

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, 2021, are presented above, and the total District contributions were $16,896,695.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $180,835,055. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.5894 percent and 0.5837 percent, respectively, resulting in a net increase in the proportionate share of 0.0057 percent.

For the year ended June 30, 2021, the District recognized pension expense of $35,015,955. At June 30, 2021, 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	$ 16,896,695	$ -
Change in proportionate share of net pension liability	756,545	3,663,799
Difference between projected and actual earnings on pension plan investments	3,764,410	-
Differences between expected and actual experience in the measurement of the total pension liability	8,968,863	-
Changes of assumptions	663,129	-
Total	$ 31,049,642	$ 3,663,799

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
2022	$ (1,408,720)
2023	1,256,528
2024	2,184,054
2025	1,732,548

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
2022	$ 5,429,754
2023	1,279,996
2024	26,290
2025	(11,302)

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 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%)	$ 259,983,369
Current discount rate (7.15%)	$ 180,835,055
1% increase (8.15%)	$ 115,145,928

Tax Deferred Compensation

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

The District offers its employees a Public Agency Retirement System (PARS) administered 457 Deferred Compensation Program (the Program). The Plan participants are individuals employed in certain classified assignments who have worked for the District on or after July 1, 2008, provided that they are not covered by any other retirement program such as CalPERS or CalSTRS through District employment. The Plan requires a contribution of at least 7.5% of wages. The Contribution is split evenly with the employees contributing 3.75% and the District contributing 3.75%. The plan results in savings for both employees and the District. The District's contribution to the Plan for the fiscal year ended June 30, 2021 was $205,267. Accounts are established in the name of each participant. Contributions are allocated directly to employee accounts. Participant account balances are fully vested and non-forfeitable. Participant account balances will be paid in a single distribution or direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. PARS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PARS annual financial report may be obtained from PARS, 5141 California Avenue, Suite 150, Irvine, California 92617-3069.

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

Note 13 - 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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had $45,154,628 of commitments with respect to its unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 14 - 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. Refer to the management discussion and analysis section of this report for additional analysis of the pandemic.

On July 1, 2021, the District issued 2021 General Obligation Bonds, Measure M, Series E in the amount of $130,000,000. Interest rates range from 2.00% to 3.00% with principal payments beginning August 1, 2021 and ending August 1, 2035.

In addition, on July 1, 2021, the District issued 2021 Refunding Bonds in the amount of $16,755,000, to refinance certain maturities of the 2011 General Obligation Refunding Bonds. The interest rate is 4% and principal payments begin August 1, 2021 and end August 1, 2027.

Note 15 - Restatement of Prior Year Net Position

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 338,164,989
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	2,450,105
Net Position - Beginning as Restated	$ 340,615,094
Fiduciary Funds	
Net Position - Beginning	$ 2,450,105
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(2,450,105)
Net Position - Beginning as Restated	$ -

Note 16 – Revised Financial Statements (dated March 18, 2022)

The District's audited financial statements were revised to include a year-end payroll accrual. Payroll and related liabilities increased from $29,183,382 to $34,742,616.

Required Supplementary Information
June 30, 2021

Los Rios Community College District

	2021 Measurement date 2020	2020 Measurement date 2019	2019 Measurement date 2018	2018 Measurement date 2017
Total OPEB Asset				
Service cost	$ 4,280,025	$ 4,043,603	$ 3,977,329	$ 3,852,135
Interest	6,158,278	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	(3,521,891)	(3,078,482)	(3,193,580)	(2,768,581)
Net changes in total OPEB asset	6,916,412	3,422,411	10,166,113	6,247,470
Total OPEB Asset - beginning	120,646,478	117,224,067	107,057,954	100,810,484
Total OPEB Asset - ending (a)	127,562,890	120,646,478	117,224,067	107,057,954
Plan fiduciary net position				
Contributions - employer	4,054,415	5,553,625	3,377,713	3,351,026
Net investment income	9,957,190	8,961,515	4,723,266	7,044,472
Benefit payments	(3,521,891)	(3,078,482)	(3,193,580)	(2,768,581)
Net change in plan fiduciary net position	10,489,714	11,436,658	4,907,399	7,626,917
Plan fiduciary net position - beginning	133,011,717	121,575,059	116,667,660	109,040,743
Plan fiduciary net position - ending (b)	143,501,431	133,011,717	121,575,059	116,667,660
District's net OPEB (asset) - ending (a) - (b)	$ (15,938,541)	$ (12,365,239)	$ (4,350,992)	$ (9,609,706)
Plan fiduciary net position as a percentage of thetotal OPEB liability	112.49%	110.25%	103.71%	108.98%
Covered-employee payroll	$232,823,656	$214,374,721	$218,057,096	$206,563,055
District's net OPEB asset as a percentage of covered-employee payroll	6.85%	5.77%	2.00%	4.65%

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

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 4,011,487	$ 3,955,463	$ 1,011,340	$ -	$ -
Contributions in relation to the actuarilly determined contribution	3,888,640	3,417,555	5,553,625	3,377,713	3,351,026
Contribution deficiency (excess)	$ 122,847	$ 537,908	$ (4,542,285)	$ (3,377,713)	$ (3,351,026)
Covered-employee payroll	$ 215,277,976	$ 232,832,926	$ 214,374,721	$ 218,057,096	$ 205,078,858
Contribution as a percentage of covered-employee payroll	1.81%	1.47%	2.59%	1.55%	1.63%

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

	2021 Measurement date 2020	2020 Measurement date 2019	2019 Measurement date 2018	2018 Measurement date 2017	2017 Measurement date 2016	2016 Measurement date 2015	2015 Measurement date 2014
CalSTRS							
District's proportion of the net pension liability	0.2542%	0.2331%	0.2436%	0.2361%	0.2512%	0.2540%	0.2540%
District's proportionate share of the net pension liability	$ 246,350,963	$ 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	126,993,951	114,877,283	128,185,139	129,190,966	115,661,585	90,496,390	89,605,779
Total	$ 373,344,914	$ 325,442,316	$ 352,071,022	$ 347,569,619	$ 318,832,513	$ 261,499,350	$ 238,035,759
District's covered - employee payroll	$ 144,073,749	$ 132,829,695	$ 135,556,788	$ 129,143,886	$ 128,872,601	$ 119,125,206	$ 111,268,958
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	171%	159%	165%	169%	158%	144%	133%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
District's proportion of the net pension liability	0.5894%	0.5837%	0.5953%	0.5793%	0.6079%	0.6383%	0.6295%
District's proportionate share of the net pension liability	$ 180,835,055	$ 170,117,949	$ 158,720,637	$ 138,304,139	$ 120,060,427	$ 94,086,050	$ 71,463,577
District's covered - employee payroll	$ 88,750,177	$ 81,545,026	$ 82,500,308	$ 77,419,169	$ 76,206,257	$ 71,316,255	$ 68,255,629
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	204%	209%	192%	179%	158%	132%	105%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 21,633,010	$ 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	21,633,010	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	$ 133,531,342	$ 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	16.20%	17.10%	16.25%	14.43%	12.8%	10.1%	8.9%
CalPERS							
Contractually required contribution	$ 16,896,695	$ 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	16,896,695	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	$ 81,746,634	$ 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	20.7%	19.7%	17.9%	15.4%	13.9%	11.3%	11.8%

Note : In the future, as data becomes 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, 2018, 2020, and 2021. 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, 2021

Los Rios Community College District

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

BOARD OF TRUSTEES

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

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/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	$ 67,864,034
Federal Direct Loans	84.268	N/A	17,198,621
Supplemental Education Opportunity Grants	84.007	N/A	3,007,592
College Work Study	84.033	N/A	436,323
Total Financial Aid Cluster			88,506,570
TRIO Cluster			
TRIO Student Support Services	84.042A	N/A	286,330
TRIO STEM Student Support Services	84.042A	N/A	264,996
TRIO Veterans Student Support Services	84.042A	N/A	230,171
Subtotal			781,497
TRIO Natomas Talent Search Program	84.044A	N/A	382,262
TRIO San Juan Unified School District Talent Search Program	84.044A	N/A	371,349
TRIO Twin Rivers Talent Search Program	84.044A	N/A	204,363
Subtotal			957,974
TRIO Upward Bound: Inderkum HS	84.047	N/A	263,780
TRIO Upward Bound: Center HS	84.047	N/A	274,185
TRIO Upward Bound: Monterey Trail & Valley HS	84.047	N/A	165,194
TRIO Upward Bound: Florin HS	84.047	N/A	163,317
Subtotal			866,476
Total TRIO Cluster			2,605,947
Hispanic-Serving Institutions Program -			
Strengthening Institutions Programs	84.031A	N/A	595,572
STEM & Articulation Programs	84.031C	N/A	783,625
Hispanic-Serving Institutions Program	84.031S	N/A	243,500
Total Hispanic Serving Institutions Programs			1,622,697
Cares Act Higher Education Emergency Relief Fund (HEERF)			
COVID 19 HEERF Student Aid Portion	84.425E	N/A	17,481,500
COVID 19 HEERF Institutional Portion	84.425F	N/A	31,226,482
COVID 19 HEERF Minority Serving Institutions	84.425L	N/A	195,986
Total HEERF			48,903,968
Asian American & Native American Pacific Islander			
Serving Institutions	84.382B	N/A	340,811
Passed Through California Department of Education			
Perkins Title 1, Part C	84.048	15-C01-028	2,565,524
Passed Through Department of Rehabilitation			
Workability III	84.126A	29985	211,464
College to Career	84.126A	30501	231,641
Total Workability			443,105
Passed Through The Regents of the University of California			
Open Textbooks Pilot Program	84.116	P116T180029	84,357
Total U.S. Department of Education			145,072,979

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/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	447,370
477 Cluster			
Passed Through Yosemite Community College			
Child Care Access	93.575	15-16-7694	33,350
Total 477 Cluster - Child Care Access			33,350
Passed Through Foundation for California Community Colleges			
Independent Living Program	93.674	N/A	22,498
Passed Through California Community College Chancellor's Office			
Vocational and Applied Technology Education Act - Title IVE - Foster Care Program	93.658	N/A	134,296
Total U.S. Department of Health and Human Services			637,514
U.S. Department Of Agriculture			
Passed Through California Department of Food and Agriculture			
Aligning Import Perspectives	10.156	17-0478-002-SF	8,385
Passed Through California Department of Education			
NIFA Ag Dual Enrollment	10.223	38422	16,763
Total U.S. Department of Agriculture			25,148
U.S. Department Of Labor Employment and Training Administration			
Rural Business Enterprise Grant	17.268	N/A	1,090,213
Strengthening Community Colleges	17.261	N/A	82,297
Total U.S. Department Of Labor Employment and Training Administration			1,172,510
U.S. Department of Treasury			
COVID-19 Block Grant Federal (Coronavirus Relief Fund)	21.019	N/A	2,500,826
Total U.S. Department of Treasury			2,500,826
National Science Foundation			
Sustainable Interdisplinary Research to Inspire Success II	47.076	535831	7,688
Total National Science Foundation			7,688
U.S. Small Business Administration			
Passed Through California Community Colleges Chancellor's Office			
California State Trade Expansion	59.061	18-0421-001-ST	12,401
Total U.S. Small Business Administration			12,401
Corporation for National and Community Service (CNCS)			
Americorp	94.006	N/A	129,893
Total Corporation for National and Community Service (CNCS)			129,893
Total Federal Financial Assistance			$ 149,558,959

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Basic Skills Inititative (BSI)	$ 680,873	$ -	$ 197,536	$ 483,337	$ 483,337
Basic Skills Partnership Program Pilot	16,781	-	16,781	-	-
Board Financial Assistance Program (BFAP)	2,799,944	-	110,111	2,689,833	2,689,833
CA Virtual Campus Online Network of Educators	898,074	-	-	898,074	898,074
Cal Grant	10,346,245	30,439	6,656	10,370,028	10,370,028
California College Promise	4,118,560	-	-	4,118,560	4,118,560
California Prison Industry Authority - Culinary Arts	20,823	-	-	20,823	20,823
CalWORKS	3,131,058	5,137	914,367	2,221,828	2,221,828
Capital Outlay Projects	2,052,818	-	1,336,525	716,293	716,293
CDC California Child Care & Food Program	1,566,998	49,547	90,405	1,526,140	1,526,140
CDF Tax Bailout	205,071	-	-	205,071	205,071
College Specific Allocations	2,053,654	-	1,751,090	302,564	302,564
Commission on Peace Officer Standards and Training		10,421	-	10,421	10,421
Community College Completion Grant	10,510,535	62	5,356,702	5,153,895	5,153,895
Community College Construction Act of 1980	2,011,918	12,193	-	2,024,111	2,024,111
Cooperative Agency Resource Education (CARE)	743,175	-	189,513	553,662	553,662
COVID-19 Block Grant State	3,069,796	-	-	3,069,796	3,069,796
Deputy Sector Navigator (DSN): Health	137,986	126,501	54,391	210,095	210,095
Disabled Students Program & Services (DSPS)	5,935,639	-	1,421,102	4,514,537	4,514,537
Diversity in Engineering	26,291	-	24,738	1,553	1,553
Dream Resource Liaison Support Allocation	236,246	-	219,560	16,687	16,687
Economic Development	1,786,329	410,628	976,810	1,220,146	1,220,146
Equal Employment Opportunity	48,728	-	6,737	41,991	41,991
Extended Opportunity Program & Services (EOPS)	4,572,869	-	395,131	4,177,738	4,177,738
Financial Aid Technology	529,391	-	236,364	293,027	293,027
Foster Care Program	62,766	129,610	-	192,376	192,376
Child Care Program	26,568	-	9,040	17,528	17,528
Emergency Student Financial Assistance	61,000	-	-	61,000	61,000
Guided Pathways	1,413,677	-	1,000,627	413,050	413,050
Hunger Free Campus	340,802	-	139,124	201,677	201,677
ICT/Digital Media Regional Director	71,068	170,499	-	241,566	241,566
Inmate Education Pilot Program / Incarcerated Students Reentry	182,948	-	95,042	87,906	87,906
Innovation and Effectiveness (IEPI)	636,275	10,000	376,258	270,017	270,017
Makerspace	67,238	-	10,342	56,896	56,896
Mathematics, Engineering, Science Achievement	29,456	1,304	-	30,760	30,760
Middle College High School	7,397	-	-	7,397	7,397
NEXTUP	1,300,405	-	495,334	805,071	805,071
Nursing Education	549,086	-	122,629	426,456	426,456
Other	580,709	24,349	346,573	258,485	258,485
Proposition 39 Clean Energy Fund	1,702,239	-	1,702,239	-	-
Disaster Relief Emergency Student Financial Aid (Los Rios Dreamer)	595,222	-	24,822	570,400	570,400
State Instructional Materials Grant	480,702	-	331,671	149,032	149,032
State On-Behalf Payments CalSTRS	-	-	-	1,385,732	1,385,732
Strong Workforce Program	26,599,558	7,248,888	23,500,205	10,348,241	10,348,241
Student Equity and Achievement Program (SE)	6,126,465	11,885,191	798,650	17,213,006	17,213,006
Student Retention & Enrollment	574,991	-	387,658	187,333	187,333
Student Success and Support Program (SSSP)	21,278	-	-	21,278	21,278
Veterans Resource Center	560,315	132,105	155,220	537,199	537,199
Total State Programs	$ 99,489,966	$ 20,246,871	$ 42,799,954	$ 78,322,615	$ 78,322,615

Categories	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit	0.55	-	0.55
2. Credit	4,274.40	-	4,274.40
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit	-	-	-
2. Credit	72.38	-	72.38
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,147.56	-	10,147.56
(b) Daily Census Contact Hours	723.69	-	723.69
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	17.81	-	17.81
(b) Credit	1,097.77	-	1,097.77
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	21,748.10	-	21,748.10
(b) Daily Census Contact Hours	3,953.45	-	3,953.45
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	42,035.71	-	42,035.71
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,016.96	-	1,016.96
F Basic Skills Courses and Immigrant Education			
1. Noncredit	-	-	-
2. Credit	1,373.36	-	1,373.36
Centers FTES			
1. Noncredit	-	-	-
2. Credit	6,595.15	-	6,595.15

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 75,122,046	$ -	$ 75,122,046	$ 75,122,046	$ -	$ 75,122,046
Other	1300	37,533,209	-	37,533,209	37,533,209	-	37,533,209
Total Instructional Salaries		112,655,255	-	112,655,255	112,655,255	-	112,655,255
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	29,030,120	-	29,030,120
Other	1400	-	-	-	2,194,554	-	2,194,554
Total Noninstructional Salaries		-	-	-	31,224,674	-	31,224,674
Total Academic Salaries		112,655,255	-	112,655,255	143,879,929	-	143,879,929
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	51,540,537	-	51,540,537
Other	2300	-	-	-	1,978,006	-	1,978,006
Total Noninstructional Salaries		-	-	-	53,518,543	-	53,518,543
Instructional Aides							
Regular Status	2200	5,786,448	-	5,786,448	5,786,448	-	5,786,448
Other	2400	413,515	-	413,515	413,515	-	413,515
Total Instructional Aides		6,199,963	-	6,199,963	6,199,963	-	6,199,963
Total Classified Salaries		6,199,963	-	6,199,963	59,718,506	-	59,718,506
Employee Benefits	3000	48,454,417	-	48,454,417	87,673,477	-	87,673,477
Supplies and Material	4000	-	-	-	2,139,645	-	2,139,645
Other Operating Expenses	5000	3,402,391	-	3,402,391	17,649,540	-	17,649,540
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures		170,712,026	-	170,712,026	311,061,097	-	311,061,097

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	788,255	-	788,255
Lottery Expenditures							-
Academic Salaries	1000	1,565,086	-	1,565,086	1,998,881	-	1,998,881
Classified Salaries	2000	80,757	-	80,757	800,428	-	800,428
Employee Benefits	3000	290,443	-	290,443	493,996	-	493,996
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,936,286	-	1,936,286	4,081,560	-	4,081,560
Total for ECS 84362,		$ 168,775,740	$ -	$ 168,775,740	$ 306,979,537	$ -	$ 306,979,537
Percent of CEE (Instructional Salary		54.98%		54.98%	100.00%		100.00%
50% of Current Expense of Education					$ 153,489,769		$ 153,489,769

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2021.

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				$ 74,599,232
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 74,599,232	$ -	$ -	$ 74,599,232
Total Expenditures for EPA		$ 74,599,232	-	-	$ 74,599,232
Revenues Less Expenditures					$ -

Total Fund Balance		
General Funds	$ 124,464,135	
Debt Service Funds	43,698,973	
Special Revenue Funds	325,775	
Capital Project Funds	208,798,667	
Enterprise Funds	7,159,212	
Internal Service Funds	14,284,294	
Fiduciary Funds	2,641,984	
		$ 401,373,040
Net audit adjustments		
No adjustments were made to the District's Funds		-
Total fund balance		401,373,040
Reconciliation of Net Position		
Capital assets, net		744,763,022
OPEB Asset		15,938,541
Deferred outflows (inflows) of resources related to pensions and OPEB		82,007,504
Deferred charges on debt refunding		7,579,905
Long-term liabilities at year end consist of		
Bonds payable	442,318,690	
Net pension obligations	427,186,018	
Total long term liabilities		(869,504,708)
Total net position		$ 382,157,304

Note 1 - Purpose of Schedules

District Organization

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

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% 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, 2021

Los Rios Community College District

CPAs & BUSINESS ADVISORS

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 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, 2021, 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 1, 2022.

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.

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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.

Eide Bailly LLP

San Ramon, California
February 1, 2022

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, 2021. 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.

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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, 2021**.**

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.

Eide Bailly LLP

San Ramon, California
February 1, 2022

EideBailly

CPAs & BUSINESS ADVISORS

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 2020-2021 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, 2021.

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 2020-2021 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 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	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 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
Section 499	COVID-19 Response Block Grant Expenditures

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, 2021.

Eide Bailly LLP

San Ramon, California
February 1, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

Los Rios Community College District

Financial Statements

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

Federal Awards

Internal control over major 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(a)	No

Identification of major Federal programs

Name of Federal Program or Cluster Student Financial Aid Cluster	Federal Financial Assistance Listing/ Federal 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.