Financial Statements
June 30, 2020

Rancho Santiago Community College District

Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Rancho Santiago Community College District
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Rancho Santiago Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 14 and other required supplemental schedules on pages 78 through 85 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other 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 16, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 16, 2021

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Santa Ana College • Santiago Canyon College

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of Rancho Santiago Community College District (the District) as of June 30, 2020. The report consists of three basic financial statements: the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

Rancho Santiago Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and No. 35, Basic Financial Statements and Management Discussion and Analysis - for Public College and Universities. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

The Annual Report consists of three basic financial statements that provide information on the District as a whole and will be discussed below:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

THE DISTRICT AS A WHOLE

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting method used by most private-sector organizations. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets minus liabilities), presenting the reader a fiscal snapshot of the District.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the District.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The net position (formerly called fund balance) is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted net position; this net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

The Statement of Net Position as of June 30, 2020 and 2019, is summarized below:

Table 1

	2020	2019	Change
Assets			
Current Assets			
Cash and investments	$ 376,295,897	$ 355,604,262	$ 20,691,635
Accounts receivable	31,534,359	19,668,310	11,866,049
Other current assets	3,294,745	3,259,223	35,522
Total current assets	411,125,001	378,531,795	32,593,206
Capital Assets (net)	499,089,515	470,263,811	28,825,704
Total assets	910,214,516	848,795,606	61,418,910
Deferred Outflows of Resources			
Deferred charge on refunding	742,191	927,737	(185,546)
Deferred outflows of resources for OPEB and pensions	77,580,482	102,662,947	(25,082,465)
Total deferred outflows of resources	78,322,673	103,590,684	(25,268,011)
Total assets and deferred outflows of resources	$ 988,537,189	$ 952,386,290	$ 36,150,899
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	$ 147,017,842	$ 145,011,669	$ 2,006,173
Current portion of long-term liabilities	22,562,341	21,413,927	1,148,414
Total current liabilities	169,580,183	166,425,596	3,154,587
Long-Term Liabilities	781,186,472	754,703,834	26,482,638
Total liabilities	950,766,655	921,129,430	29,637,225
Deferred Inflows of Resources			
Deferred inflows of resources for OPEB and pensions	53,173,183	47,117,942	6,055,241
Total liabilities and deferred inflows of resources	1,003,939,838	968,247,372	35,692,466
Net Position			
Net investment in capital assets	121,890,307	115,095,221	6,795,086
Restricted	126,737,044	116,719,788	10,017,256
Unrestricted	(264,030,000)	(247,676,091)	(16,353,909)
Total net position (deficit)	(15,402,649)	(15,861,082)	458,433
Total liabilities, deferred inflows of resources and net position	$ 988,537,189	$ 952,386,290	$ 36,150,899

Fiscal year ended 2020 compared to 2019:

- Total assets increased approximately $61.4 million, a 7.2 percent increase from the prior year. Capital assets increased by $28.8 million due to $45.9 million in capital additions mostly due to construction costs for the Johnson Student Center and Science Center at Santa Ana College offset by $17.0 million in depreciation. Cash and investments increased by $20.7 million due to the sale of Santa Ana College SFID No.1 Series 2019 C General Obligation bonds in the amount of $56.8 million and the premium from the sale of these bonds in the amount of $5.1 million. Accounts receivables increased by $11.9 million largely due to year-end billing of the Key Talent Administration fiscal agent project, and general apportionment earned in fiscal year 2019-2020 to be paid in the following fiscal year.

- Total current liabilities increased approximately $3.2 million, a 1.9 percent increase from the prior year. Accounts payable increased by $2.0 million due mostly to the accrual of program expenditures related to the Strong Workforce Program, for which the District is the regional fiscal agent. Current liabilities also increased by $1.1 million due to an increase in the current bond payable related to the issuance of the Series 2019 C General Obligation bonds.

- Long-term liabilities increased by $26.5 million, a 3.5 percent increase from the prior year. The increase is mostly due to the issuance of the Series 2019 C General Obligations bonds.

- Due to the provisions of GASB Statement No. 68, described in more detail in Note 13 of the financial statements, the District's net position is adjusted to reflect its "proportionate share" of CalPERS and CalSTRS net pension liabilities as a reduction to net position. Though this is an accounting requirement, districts cannot fund these pension liabilities more than required by CalPERS and CalSTRS. By backing out this accounting shift, the District's total net position would be reported as $157,630,436 at June 30, 2020, an increase of $13,356,445 over the previous year's adjusted total net position of $144,273,991.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position are presented on the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned whether received or not by the District, the operating and nonoperating expenses incurred whether paid or not by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations while budgeted for operations, are considered nonoperating revenue according to generally accepted accounting principles because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

Table 2

	2020	2019	Change
Operating Revenues			
Tuition and fees, net	$ 14,497,404	$ 14,650,118	$ (152,714)
Grants and contracts, noncapital	148,896,261	95,520,217	53,376,044
Other operating revenues	3,980,178	5,350,171	(1,369,993)
Total operating revenues	167,373,843	115,520,506	51,853,337
Operating Expenses			
Salaries and benefits	225,381,166	208,271,490	17,109,676
Supplies and maintenance	132,006,763	84,384,098	47,622,665
Student aid	35,462,708	30,261,162	5,201,546
Depreciation	17,038,247	17,808,084	(769,837)
Total operating expenses	409,888,884	340,724,834	69,164,050
Operating loss	(242,515,041)	(225,204,328)	(17,310,713)
Nonoperating Revenues (Expenses)			
State apportionments	83,542,054	83,596,488	(54,434)
Property taxes	119,815,609	112,445,598	7,370,011
State and federal financial aid grants	34,426,125	28,610,259	5,815,866
Other state revenues	5,668,748	8,352,303	(2,683,555)
Net interest expense	(7,719,965)	(6,988,671)	(731,294)
Other nonoperating revenues	1,924,383	2,270,477	(346,094)
Total nonoperating revenue (expenses)	237,656,954	228,286,454	9,370,500
Other Revenues			
State and local capital	5,286,165	5,002,163	284,002
Gain on disposal of capital assets, net	30,355	-	30,355
Total other revenue	5,316,520	5,002,163	314,357
Change in Net Position	$ 458,433	$ 8,084,289	$ (7,625,856)

Fiscal year ended 2020 compared to 2019:

- Grants and contracts revenues increased by 55.9 percent related to continued work on fiscal agent awards received for K12 Strong Workforce Program Pathway Improvement, the CTE Strong Workforce Program, and Key Talent Administration.

- Revenues from bookstore sales and charges decreased by 25.6 percent due the closure of campuses as a result of the coronavirus pandemic. Campus closures began in March 2020 in response to Governor Newsom’s Executive Order N-33-20 to stay in shelter in order to mitigate the spread of the virus.

- Salaries and benefits expense increased by 8.2 percent due to a cost of living adjustment for faculty and staff effective July 1, 2019, and increases in the employer contribution rates for California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS).

- Supplies, maintenance, and other operating expense increased by 56.4 percent mostly due to an increase in contracted services payments made on fiscal agent awards. Contracted services payments increased by $31.1 million on the K12 Strong Workforce Program Pathway Improvement fiscal agent project, $13.5 million on the Key Talent Administration fiscal agent project, and $3.4 million on the Strong Workforce Program K-12 Pathway Coordinators and K-14 Technical Assistance Providers fiscal agent project.

- Property taxes revenues increased by 6.6 percent. Compared to the prior year, the District received $7.3 million more in revenues from local property taxes levied for general purposes, Educational Revenue Augmentation Fund (ERAF) apportionment, and taxes levied from bond measures.

- State and federal financial aid grants increased by 20.3 percent as students had a greater need for financial assistance due to the coronavirus pandemic. The District issued $2.59 million in emergency aid grants to students from CARES Act funds. In addition, Pell Grant disbursements increased by $1.37 million, Student Success Completion Grant disbursements increased by $1.12 million, and College Promise disbursements increased by $0.61 million.

- Other state revenues decreased by 32.1 percent due to a $2.7 million decrease in state lottery proceeds.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Table 3

Year ended June 30, 2020:

	Salaries & Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
Instructional activities	$ 97,226,113	$ 8,434,378	$ 2,305,487	$ -	$ -	$ 107,965,978
Instructional administration	16,694,755	1,160,626	250,877	-	-	18,106,258
Instructional support services	10,902,637	944,719	655,209	-	-	12,502,565
Student services	41,747,757	1,095,202	172,424	-	-	43,015,383
Plant operations and maintenance	7,011,834	5,181,094	101,274	-	-	12,294,202
Planning, policymaking and coordinations	2,632,597	1,215,572	1,411	-	-	3,849,580
Institutional support services	31,350,736	66,174,679	975,388	-	-	98,500,803
Community services	2,491,163	33,060,813	2,055	-	-	35,554,031
Ancillary services and auxiliary operations	12,776,216	4,147,906	251,347	-	-	17,175,469
Physical property and related acquisitions	2,547,358	744,424	5,131,369	-	-	8,423,151
Student aid	-	509	-	35,462,708	-	35,463,217
Unallocated depreciation	-	-	-	-	17,038,247	17,038,247
Total	$ 225,381,166	$ 122,159,922	$ 9,846,841	$ 35,462,708	$ 17,038,247	$ 409,888,884

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities and deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net change in cash and cash equivalents to the ending cash and cash equivalents balance reflected on the Statement of Net Position.

Statement of Changes in Cash Position

- Operating activities consist of cash receipts from enrollment fees, grants and contracts, and cash payments for salaries, benefits, supplies, utilities, and other items related to the instructional program.

- Noncapital financing activities are primarily State apportionment and property taxes.

- Capital financing activities consist of purchases of capital assets (land, buildings, and equipment) and bond interest payments and receipts from Federal and State grants for capital purposes, as well as property tax revenue for bond repayments.

- Cash from investing activities is interest earned on investments through the Orange County Investment Pool and the Local Agency Investment Fund (LAIF).

Table 4

	2020	2019	Change
Cash Provided by (Used by)			
Operating Activities	$ (206,207,288)	$ (181,648,828)	$ (24,558,460)
Noncapital financing activities	202,756,373	204,726,813	(1,970,440)
Capital financing activities	16,835,233	(32,594,846)	49,430,079
Investing activities	7,307,317	6,316,370	990,947
Net Change in Cash	20,691,635	(3,200,491)	23,892,126
Cash and Cash Equivalents, Beginning of Year	355,604,262	358,804,753	(3,200,491)
Cash and Cash Equivalents, End of Year	$ 376,295,897	$ 355,604,262	$ 20,691,635

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

Fiscal year ended 2020 compared to 2019:

As of June 30, 2020, the District had $720.9 million in capital assets, less $221.8 million of accumulated depreciation for net capital assets of $499.1 million. The District continues to work on the facilities projects that are part of the $198 million bond program under Measure Q. The District spent approximately $45.9 million on capital assets in 2019-2020, the majority of which relate to bond proceeds. Depreciation charges totaled $17.0 million in 2019-2020. We present more detailed information regarding our capital assets in Note 6 of the financial statements.

Table 5

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land and construction in progress	$ 147,498,617	$ 43,151,549	$ (1,928,850)	$ 188,721,316
Buildings and improvements	460,041,834	1,971,043	-	462,012,877
Equipment	69,211,240	2,679,043	(1,715,790)	70,174,493
Subtotal	676,751,691	47,801,635	(3,644,640)	720,908,686
Accumulated depreciation	(206,487,880)	(17,038,247)	1,706,956	(221,819,171)
	$ 470,263,811	$ 30,763,388	$ (1,937,684)	$ 499,089,515

Long-Term Liabilities Other than OPEB and Pensions

Fiscal year ended 2020 compared to 2019:

At June 30, 2020, the District had $475.9 million in outstanding long-term liabilities compared to $434.0 million at June 30, 2019. The net increase of $41.8 million includes a net increase of $41.0 million related to the General Obligation Bond issued during the fiscal year. We present more detailed information regarding our long-term liabilities in Note 10 of the financial statements.

Table 6

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Long-Term Liabilities				
General obligation bonds	$ 421,025,272	$ 65,833,156	$ (24,791,721)	$ 462,066,707
Other long-term liabilities	13,012,999	781,900	-	13,794,899
Total	$ 434,038,271	$ 66,615,056	$ (24,791,721)	$ 475,861,606
Amount due within one year				$ 22,562,341

OPEB and Pension Liabilities

At June 30, 2020, the District had an aggregate other postemployment benefit liability (OPEB) of $109.9 million, versus $139.8 million last year, a decrease of $29.9 million or 22.0 percent. The District had a net pension liability of $218.0 million, versus $202.2 million last year, an increase of $15.8 million or 7.8 percent.

BUDGETARY HIGHLIGHTS

The pandemic and the ensuing recession have dramatically changed the 2020-2021 State budget. The State has gone from anticipating a $5.6 billion surplus to a $54.3 billion deficit due to lower estimated revenues and higher costs. While the 2020-2021 State Budget did not make cuts to state apportionment and categorical funding, it did call for deferring apportionments and Student Equity and Achievement program funding to the following year. The District, expecting deferrals of $34.8 million, will need to rely on existing cash reserves to maintain its level of service. As the trajectory of the pandemic and the continued impact on the economy remains uncertain, State funding continues to be volatile.

At the time the 2020-2021 budget was developed, the following assumptions were made:

- The State Chancellor's Office has approved a hold harmless provision which keeps the District funded at the 2017-2018 Total Computational Revenue level plus the 2018-2019 Cost of Living Adjustment (COLA) of 2.71 percent and the 2019-2020 COLA of 3.26 percent, less an estimated 2.0 percent deficit factor.

- Non-resident tuition is estimated to decrease by 50 percent at Santa Ana College and by 30 percent at Santiago Canyon College. These revenues are budgeted at $1.9 million.

- The District's health and welfare benefit premium cost as of January 2021 is estimated to increase by 3.5 percent. The District's contribution to the California State Teachers' Retirement System (CalSTRS) will decrease in 2020-2021 from 17.10 percent to 16.15 percent. The District's contribution to the California Public Employees' Retirement System (CalPERS) will increase in 2020-2021 from 19.721 percent to 20.70 percent.

- As a result of a decrease in the actuarially determined Annual Required Contribution needed to fund the District's Postemployment Benefits Other Than Pensions (OPEB) liability, the District will decrease the employer payroll contribution rate of 2.75 percent to 1.10 percent of total salaries.

- The District estimates 26,471 Full-Time Equivalent Students served, a 2.04% decrease from prior year.

- The full-time Faculty Obligation Number for Fall 2020 was not known at the time the budget was adopted. The District will recruit to replace 10 faculty vacancies. Nineteen faculty vacancies will be eliminated from the budget and classes will be taught by part-time replacements.

- The District's 2019-2020 unrestricted ending balance decreased by $715,416. The 2019-2020 ending fund balance is $38.04 million.

- The District made budget reductions totaling $3.0 million for the tentative budget due to State Budget uncertainty and those reductions remain in the Adopted Budget.

- The District's 2020-2021 budget is balanced using $2.2 million in one-time funds during 2020-2021 and includes a 12.5 percent contingency reserve consistent with Board Policy.

ECONOMIC FACTORS

- The financial position of the District is closely tied to that of the State of California. The District receives over 90 percent of its unrestricted general fund revenues through State apportionments, local property taxes including redevelopment agency allocations, the Education Protection Account (EPA) and student paid enrollment fees which make up the District's general apportionment, the main funding support for California community colleges.

- The State is facing an economic recession caused by the coronavirus pandemic. The full impact of the economic downturn is uncertain as the pandemic continues, and recovery is expected to take several years. While the State Chancellor’s Office extended the hold harmless provision through 2023-24 giving community colleges funding stability in the short-term, some community colleges are concerned the State will inevitably need to decrease spending to balance the State budget. The recession coupled with a decline in enrollment, continuing cost increases related to pension obligations, and the Student Centered Funding Formula adding additional volatility to the District’s future funding necessitates a cautious approach to budget forecasts.

- Management continues to closely monitor the State budget information and operating costs of the District and will maintain a close watch over resources to ensure financial stability and retain reserve levels required by Board Policy and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 Rancho Santiago Community College District, attention Vice Chancellor, Business Operations and Fiscal Services, 2323 North Broadway, Santa Ana, CA 92706, (714) 480-7340.

Assets	
Current Assets	
Cash and cash equivalents	$ 376,134,439
Investments	161,458
Accounts receivable	30,192,246
Student receivables	842,653
Due from fiduciary funds	499,460
Prepaid expenses	1,207,804
Inventories	2,086,941
Total current assets	411,125,001
Noncurrent Assets	
Nondepreciable capital assets	188,721,316
Depreciable capital assets, net of depreciation	310,368,199
Total noncurrent assets	499,089,515
Total assets	910,214,516
Deferred Outflows of Resources	
Deferred charge on refunding	742,191
Deferred outflows of resources related to pensions	58,350,453
Deferred outflows of resources related to other postemployment benefits (OPEB)	19,230,029
Total deferred outflows of resources	78,322,673
Liabilities	
Current Liabilities	
Accounts payable	33,575,549
Interest payable	5,598,572
Due to fiduciary funds	604,462
Unearned revenue	107,239,259
Long-term liabilities other than OPEB and pensions due within one year	22,562,341
Total current liabilities	169,580,183

Noncurrent Liabilities	
Long-term liabilities other than OPEB and pensions due in more than one year	$ 453,299,265
Aggregate net other postemployment benefits (OPEB) liability	109,937,050
Aggregate net pension libility	217,950,157
Total noncurrent liabilities	781,186,472
Total liabilities	950,766,655
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	13,433,381
Deferred inflows of resources related to OPEB	39,739,802
Total deferred inflows of resources	53,173,183
Net Position	
Net investment in capital assets	121,890,307
Restricted for	
Debt service	27,891,542
Capital projects	93,329,778
Educational programs	3,368,721
Other activities	2,147,003
Unrestricted	(264,030,000)
Total net position (deficit)	$ (15,402,649)

Operating Revenues	
Student Tuition and Fees	$ 28,292,565
Less scholarship discount and allowance	(13,795,161)
Net tuition and fees	14,497,404
Grants and Contracts, Noncapital	
Federal	12,159,878
State	136,469,859
Local	266,524
Total grants and contracts, noncapital	148,896,261
Other Operating Revenues	3,980,178
Total operating revenues	167,373,843
Operating Expenses	
Salaries	141,087,612
Employee benefits	84,293,554
Supplies, materials, and other operating expenses and services	122,159,922
Equipment, maintenance, and repairs	9,846,841
Student financial aid	35,462,708
Depreciation	17,038,247
Total operating expenses	409,888,884
Operating Loss	(242,515,041)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	83,542,054
Local property taxes, levied for general purposes	85,472,525
Taxes levied for other specific purposes	34,343,084
Federal financial aid grants, noncapital	27,641,891
State financial aid grants, noncapital	6,784,234
State taxes and other revenues	5,668,748
Investment income	6,952,794
Interest expense on capital related debt	(15,068,337)
Investment income on capital asset-related debt, net	395,578
Transfer to fiduciary fund	(88,306)
Other nonoperating revenues	2,012,689
Total nonoperating revenues (expenses)	237,656,954

Income before other revenues	$ (4,858,087)
Other Revenues	
State revenues, capital	1,080,015
Local revenues, capital	4,206,150
Gain on disposal of capital assets, net	30,355
Total other revenues	5,316,520
Change in Net Position	458,433
Net Position, Beginning of Year	(15,861,082)
Net Position, End of Year	$ (15,402,649)

Operating Activities	
Tuition and fees	$ 15,825,898
Grants and contracts, noncapital	140,520,322
Payments to or on behalf of employees	(207,383,639)
Payments to vendors for supplies and services	(123,687,339)
Payments to students for scholarships and grants	(35,462,708)
Other operating receipts (payments)	3,980,178
Net Cash Flows from Operating Activities	(206,207,288)
Noncapital Financing Activities	
State apportionments	75,542,518
Federal and State financial aid grants and loans	34,426,125
Property taxes - nondebt related	85,472,525
State taxes and other apportionments	4,996,837
Other nonoperating	2,318,368
Net Cash Flows from Noncapital Financing Activities	202,756,373
Capital Financing Activities	
Purchase of capital assets	(49,833,826)
Proceeds from capital debt	56,815,000
State revenue, capital projects	1,080,015
Local revenue, capital projects	4,206,150
Property taxes - related to capital debt	34,343,084
Principal paid on capital debt	(20,780,000)
Interest paid on capital debt	(9,576,314)
Deferred costs on issuance of refunding debt	185,546
Interest received on capital asset-related debt	395,578
Net Cash Flows from Capital Financing Activities	16,835,233
Investing Activities	
Interest received from investments	7,307,317
Net Change in Cash and Cash Equivalents	20,691,635
Cash and Cash Equivalents, Beginning of Year	355,604,262
Cash and Cash Equivalents, End of Year	$ 376,295,897

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (242,515,041)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities	
Depreciation expense	17,038,247
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	(8,187,285)
Inventories	(513,755)
Prepaid expenses	478,233
Deferred outflows of resources related to pensions	(3,163,017)
Deferred outflows of resources related to OPEB	28,245,482
Accounts payable and accrued liabilities	8,625,150
Unearned revenue	1,139,840
Compensated absences and load banking	781,900
Deferred inflows of resources related to pensions	353,754
Deferred inflows of resources related to OPEB	5,701,487
Aggregate net pension liability	15,707,275
Aggregate net OPEB liability	(29,899,558)
Total adjustments	36,307,753
Net Cash Flows from Operating Activities	$ (206,207,288)
Cash and Cash Equivalents Consist of the Following	
Cash and cash equivalents	$ 376,134,439
Investments in local agency investment fund (LAIF)	161,458
Total cash and cash equivalents	$ 376,295,897
Noncash Transactions	
Amortization of deferred charges on refunding	$ 185,546
Amortization of debt premium	$ 4,011,721
Accretion of interest on capital appreciation bonds	$ 3,908,228

	Retiree OPEB Trust	Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	$ -	$ 5,258,535	$ 2,046,261
Investments	42,151,138	-	-
Accounts receivable	-	102,173	-
Student receivables	-	2,659	-
Due from primary government	-	604,462	-
Total assets	42,151,138	5,967,829	$ 2,046,261
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	-	156,996	-
Liabilities			
Current Liabilities			
Accounts payable	-	267,511	$ 8,959
Due to primary government	-	499,460	-
Unearned revenue	-	65,675	-
Due to student groups	-	-	2,037,302
Total current liabilities	-	832,646	$ 2,046,261
Noncurrent Liabilities			
Net pension liability	-	602,717	
Total liabilities	-	1,435,363	
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	-	53,193	
Net Position			
Restricted for postemployment benefits other than pensions	42,151,138	-	
Unrestricted	-	4,636,269	
Total net position	$ 42,151,138	$ 4,636,269	

	Retiree OPEB Trust	Trust Funds
Additions		
State revenues	$ -	$ 1,872
District contributions	7,873,742	-
Interest and investment income, net of fees	2,224,770	-
Local revenues	-	2,310,337
Transfers from primary government	-	88,306
Total additions	10,098,512	2,400,515
Deductions		
Academic salaries	-	15,641
Classified salaries	-	822,582
Employee benefits	-	455,616
Books and supplies	-	63,195
Services and operating expenditures	73,632	1,276,594
Capital outlay	-	93,174
Benefit payments	7,873,742	-
Total deductions	7,947,374	2,726,802
Change in Net Position	2,151,138	(326,287)
Net Position - Beginning of Year	40,000,000	4,962,556
Net Position - Ending of Year	$ 42,151,138	$ 4,636,269

Note 1 - Organization

Rancho Santiago Community College District (the District) was established in 1971 as a political subdivision of the State of California 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 two college(s) and six campuses/centers located within Orange County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. 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

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District.

The District has analyzed the financial and accountability relationship with the Santa Ana College Foundation, Santiago Canyon Foundation and Rancho Santiago Canyon Foundation (the Foundations) in conjunction with GASB Statement No. 61 criteria. The Foundations are separate, not for profit organizations, and the District does provide and receive direct benefits to and from the Foundations. However, it has been determined that all criteria under GASB Statement No. 61 has not been met to require inclusion of the Foundations' financial statements into the District's annual report. Information on the Foundations may be requested through each Foundation office.

Basis of Accounting - Measurement Focus and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the bookstores.

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

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. 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 cash with county treasury and investment in local agency investment fund (LAIF) balances for purposes of the Statement of Cash Flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

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. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

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

Inventories

Inventories consist primarily of bookstore merchandise and supplies held for resale to the students and faculty of the colleges. Inventories are stated at lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. 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; improvements, 10 to 15 years; equipment, 3 to 8 years; and vehicles, 3 years.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements.

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 government-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. The liability for this benefit is reported on the government-wide financial statements.

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.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB related items relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, claims liability, compensated absences and load banking with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the 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 net position is available.

The government-wide financial statements report $126,737,044 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

Operating revenues - 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.

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 in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

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 County of Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded in the period in which they are assessed.

The voters of the District passed General Obligation Bonds in 2002 and 2012 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 when collected.

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) Grants, Direct Loans, 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*.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements and Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The District has already implemented these standards as of June 30, 2020.

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.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District’s financial statements have not yet been determined.

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 deposits substantially all receipts and collections of monies with their County Treasurer as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments of the Primary Government and Fiduciary Funds as of June 30, 2020, consist of the following:

Primary government	$ 376,295,897
Fiduciary funds	49,455,934
Total deposits and investments	$ 425,751,831
Cash on hand and in banks	$ 11,605,967
Cash in revolving	142,800
Cash with fiscal agent	85,000
Cash in county investment pool	371,605,468
Investments	42,312,596
Total deposits and investments	$ 425,751,831

Interest Rate Risk and Credit 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. District regulations require that funds that are not required for the immediate need of the District may be invested in the County Treasurer's Investment Pool, State's Local Agency Investment Fund (LAIF), or in other investments as permitted by *Government Code* Sections 53601, 53635, 53534, and 53648. These investments are restricted to invest in time deposits, U.S. Government Securities, State registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptance notes, commercial paper, negotiable certificated of deposit, and repurchase or reverse repurchase agreements. The District manages its exposure to interest rate risk by primarily investing in the Orange County Investment Pool and LAIF. 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.

Investment Type	Reported Amount	Weighted Average Days to Maturity	Average Credit Rating
Orange County Investment Pool	$ 371,605,468	266	AAAm
Local Agency Investment Fund	161,458	191	N/A
Mutual Funds	42,151,138	N/A	N/A
Total	$ 413,918,064		

Custodial Credit Risk – Deposits and Investments

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. District policy requires that funds that are not required for the immediate use need of the District may be invested in the County Treasurer's Investment Pool, State's Local Agency Investment Fund (LAIF), or in other investments as permitted by *Government Code* Sections 53601, 53635, 53534, and 53648. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $11,263,574 was exposed to custodial credit risk because it was 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.

Uncategorized – Investment in the Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Level 1 Inputs	Uncategorized
State Investment Pool	$ 161,458	$ -	$ 161,458
Mutual Funds	42,151,138	42,151,138	-
Total	$ 42,312,596	$ 42,151,138	$ 161,458

All assets have been valued using a market approach, with quoted market prices.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 4,892,167
Other Federal	500
State Government	
Apportionment	3,294,530
Categorical aid	14,914,334
Lottery	671,911
Other State sources	411,259
Local Sources	
Property taxes	3,760,735
Interest	394,915
Other local sources	1,851,895
Total	$ 30,192,246
Student receivables	$ 842,653

	Fiduciary Funds
Local Sources	
Other local sources	$ 102,173
Student receivables	$ 2,659

Note 6 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 89,964,360	$ -	$ -	$ 89,964,360
Construction in progress	57,534,257	43,151,549	(1,928,850)	98,756,956
Total capital assets not being depreciated	147,498,617	43,151,549	(1,928,850)	188,721,316
Capital Assets Being Depreciated				
Buildings and improvements	374,519,378	1,971,043	-	376,490,421
Site improvements	85,522,456	-	-	85,522,456
Equipment	69,211,240	2,679,043	(1,715,790)	70,174,493
Total capital assets being depreciated	529,253,074	4,650,086	(1,715,790)	532,187,370
Total capital assets	676,751,691	47,801,635	(3,644,640)	720,908,686
Less Accumulated Depreciation				
Buildings and improvements	86,926,434	8,008,445	-	94,934,879
Site improvements	57,490,788	6,252,831	-	63,743,619
Equipment	62,070,658	2,776,971	(1,706,956)	63,140,673
Total accumulated depreciation	206,487,880	17,038,247	(1,706,956)	221,819,171
Net Capital Assets	$ 470,263,811	$ 30,763,388	$ (1,937,684)	$ 499,089,515

Depreciation expense for the year was $17,038,247.

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	Primary Government
Accrued payroll	$ 6,172,481
Amounts owed to other districts	1,970,429
Construction	3,394,951
Vendor payables	22,037,688
Total	$ 33,575,549

	Fiduciary Funds
Accrued payroll	$ 53,515
Vendor payables	222,955
Total	$ 276,470

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	Primary Government
Federal financial assistance	$ 289,218
State categorical aid	103,456,642
Student fees	2,986,028
Other local	507,371
Total	$ 107,239,259

	Fiduciary Funds
Other local	$ 65,675

Note 9 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the primary government owed the fiduciary funds $604,462 and the fiduciary funds owed the primary government $499,460.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019-2020 fiscal year, the amount transferred to the fiduciary funds from the primary government funds amounted to $88,306.

Note 10 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long Term Liabilities					
General obligation bonds - 2002 Election					
General obligation bonds, 2005 Series B	$ 45,831,041	$ 460,246	$ (1,250,000)	$ 45,041,287	$ 1,385,000
General obligation bonds, 2006 Series C	72,801,543	3,447,982	-	76,249,525	-
General obligation refunding bonds, 2005	27,600,000	-	(6,295,000)	21,305,000	6,515,000
General obligation refunding bonds, 2011	4,670,000	-	-	4,670,000	-
General obligation refunding bonds, 2012	54,155,000	-	(3,550,000)	50,605,000	3,895,000
General obligation refunding bonds, 2013	72,720,000	-	(3,500,000)	69,220,000	4,280,000
General obligation bonds - 2012 Election					
General obligation bonds, 2014 Series A	50,705,000	-	(175,000)	50,530,000	255,000
General obligation bonds, 2017 Series B	64,685,000	-	(6,010,000)	58,675,000	5,080,000
General obligation bonds, 2019 Series C	-	56,815,000	-	56,815,000	700,000
Premium of debt	27,857,688	5,109,928	(4,011,721)	28,955,895	-
Compensated absences	6,984,385	672,224	-	7,656,609	452,341
Load banking	5,628,614	109,676	-	5,738,290	-
Claims liability	400,000	-	-	400,000	-
Total	$ 434,038,271	$ 66,615,056	$ (24,791,721)	$ 475,861,606	$ 22,562,341

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. The compensated absences and load banking liabilities will be paid by the fund for which the employee worked. The Internal Service fund makes payments for the claims liability.

Bonded Debt

2002 General Obligation Bonds

On November 5, 2002, the District voters authorized the issuance and sale of general obligation bonds totaling $337,000,000. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, and modernization of certain property and District facilities.

On February 23, 2005, the District issued General Obligation Bonds, Election of 2002, Series B of $111,175,000 of current interest and $8,824,867 of capital appreciation bonds. Interest ranges from 3.0 percent to 5.13 percent payable semi-annually on March 1 and September 1.

On September 21, 2006, the District issued General Obligation Bonds, Election 2002, Series C of $86,255,000 of current interest bonds and $34,619,329 of capital appreciation bonds. Interest ranges from 3.38 percent to 5.00 percent payable semi-annually on March 1 and September 1.

On August 4, 2005, the District issued 2005 General Obligation Refunding Bonds of $49,925,000 of current interest bonds and $3,634,299 of capital appreciation bonds. Interest rates range from 3.57 percent to 5.25 percent payable semi-annually on March 1 and September 1. The refunding proceeds were issued to pay off a portion of the Series A General Obligation Bonds.

On November 30, 2011, the District issued $10,300,000 2011 General Obligation Refunding Bonds. Interest rates range from 2.0 percent to 5.0 percent payable semi-annually on March 1 and September 1. The net proceeds from the issuance provided for the partial refunding of $10,495,000 of the 2003 Series A bonds.

On March 1, 2012, the District issued $62,985,000 2012 General Obligation Refunding Bonds. Interest rates range from 2.0 percent to 5.0 percent payable semi-annually on March 1 and September 1. The net proceeds from the issuance provided for the partial refunding of $5,860,000 of the 2003 Series A bonds and $59,495,000 of the 2005 Series B bonds.

On January 17, 2013, the District issued $79,130,000 2013 General Obligation Refunding Bonds. Interest rates range from 1.75 percent to 5.0 percent payable semi-annually on March 1 and September 1. The net proceeds from the issuance provided for the partial refunding of $2,650,000 of the 2005 Series B bonds and $80,100,000 of the 2006 Series C bonds.

2012 General Obligation Bonds

On November 6, 2012, the District voters authorized the issuance and sale of general obligation bonds totaling $198,000,000. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, and modernization of certain property and District facilities.

On October 15, 2014, the District issued General Obligation Bonds, Election 2012, Series 2014A of $70,585,000 of current interest bonds. Interest ranges from 2.0 percent to 5.0 percent, payable semi-annually on February 1 and August 1.

On December 28, 2017, the District issued General Obligation Bonds, Election 2012, Series B of $70,600,000 of current interest bonds. Interest ranges from 2.0 percent to 5.0 percent payable semi-annually on February 1 and August 1.

On August 21, 2019, the District issued General Obligation Bonds, Election 2012, Series C of $56,815,000 of current interest bonds. Interest ranges from 1.25 percent to 4.0 percent payable semi-annually on February 1 and August 1.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2020
2/23/2005	9/1/2029	3.00%-5.13%	$ 119,999,867	$ 45,831,041	$ 460,246	$ (1,250,000)	$ 45,041,287
9/21/2006	9/1/2031	3.38%-5.00%	120,874,329	72,801,543	3,447,982	-	76,249,525
8/4/2005	9/1/2023	3.57%-5.25%	53,559,299	27,600,000	-	(6,295,000)	21,305,000
11/30/2011	9/1/2022	2.00%-5.00%	10,300,000	4,670,000	-	-	4,670,000
3/1/2012	9/1/2027	2.00%-5.00%	62,985,000	54,155,000	-	(3,550,000)	50,605,000
1/17/2013	9/1/2026	1.75%-5.00%	79,130,000	72,720,000	-	(3,500,000)	69,220,000
10/15/2014	8/1/2044	2.00%-5.00%	70,585,000	50,705,000	-	(175,000)	50,530,000
12/28/2017	8/1/2041	2.00%-5.00%	70,600,000	64,685,000	-	(6,010,000)	58,675,000
8/21/2019	8/1/2039	1.25%-4.00%	56,815,000	-	56,815,000	-	56,815,000
				$ 393,167,584	$ 60,723,228	$ (20,780,000)	$ 433,110,812

Debt Service Requirements to Maturity

The 2002 Election General Obligation Bonds, Series B mature through 2030 as follows:

Fiscal Year	Principal (Including Accreted interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2021	$ 1,352,341	$ 32,659	$ 1,847,050	$ 3,232,050
2022	1,413,743	106,257	1,847,050	3,367,050
2023	1,473,411	191,589	1,847,050	3,512,050
2024	1,530,573	289,427	1,847,050	3,667,050
2025	1,592,048	397,952	1,847,050	3,837,050
2026-2030	37,679,171	520,829	7,425,356	45,625,356
Total	$ 45,041,287	$ 1,538,713	$ 16,660,606	$ 63,240,606

The 2002 Election General Obligation Bonds, Series C mature through 2032 as follows:

Fiscal Year	Principal (Including Accreted interest to Date)	Accreted Interest	Total
2021	$ -	$ -	$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	2,136,980	483,020	2,620,000
2026-2030	33,305,234	15,729,766	49,035,000
2031-2032	40,807,311	27,167,689	67,975,000
Total	$ 76,249,525	$ 43,380,475	$ 119,630,000

The 2005 General Obligation Refunding Bonds mature through 2024 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 6,515,000	$ 947,494	$ 7,462,494
2022	6,705,000	600,469	7,305,469
2023	5,400,000	282,713	5,682,713
2024	2,685,000	70,481	2,755,481
Total	$ 21,305,000	$ 1,901,157	$ 23,206,157

The 2011 General Obligation Refunding Bonds mature through 2023 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ -	$ 233,500	$ 233,500
2022	-	233,500	233,500
2023	4,670,000	116,750	4,786,750
Total	$ 4,670,000	$ 583,750	$ 5,253,750

The 2012 General Obligation Refunding Bonds mature through 2028 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 3,895,000	$ 2,324,650	$ 6,219,650
2022	4,250,000	2,161,750	6,411,750
2023	4,625,000	1,984,250	6,609,250
2024	5,015,000	1,766,375	6,781,375
2025	5,475,000	1,504,125	6,979,125
2026-2028	27,345,000	2,242,625	29,587,625
Total	$ 50,605,000	$ 11,983,775	$ 62,588,775

The 2013 General Obligation Refunding Bonds mature through 2027 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 4,280,000	$ 3,140,050	$ 7,420,050
2022	5,170,000	2,951,050	8,121,050
2023	2,545,000	2,796,750	5,341,750
2024	11,540,000	2,515,050	14,055,050
2025	12,825,000	1,963,625	14,788,625
2026-2027	32,860,000	1,678,750	34,538,750
Total	$ 69,220,000	$ 15,045,275	$ 84,265,275

The 2012 Election General Obligation Bonds, Series 2014A mature through 2045 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 255,000	$ 2,167,838	$ 2,422,838
2022	340,000	2,152,963	2,492,963
2023	430,000	2,133,712	2,563,712
2024	530,000	2,109,713	2,639,713
2025	635,000	2,080,588	2,715,588
2026-2030	5,050,000	9,759,813	14,809,813
2031-2035	8,855,000	8,312,681	17,167,681
2036-2040	13,755,000	5,980,375	19,735,375
2041-2045	20,680,000	2,186,600	22,866,600
Total	$ 50,530,000	$ 36,884,283	$ 87,414,283

The 2012 Election General Obligation Bonds, Series 2017B mature through 2042 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 5,080,000	$ 2,194,400	$ 7,274,400
2022	995,000	2,067,925	3,062,925
2023	880,000	2,021,050	2,901,050
2024	1,010,000	1,973,800	2,983,800
2025	1,155,000	1,919,675	3,074,675
2026-2030	8,235,000	8,549,500	16,784,500
2031-2035	13,040,000	6,384,775	19,424,775
2036-2040	18,755,000	3,718,675	22,473,675
2041-2042	9,525,000	387,700	9,912,700
Total	$ 58,675,000	$ 29,217,500	$ 87,892,500

The 2012 Election General Obligation Bonds, Series 2019C mature through 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$ 700,000	$ 1,890,550	$ 2,590,550
2022	2,685,000	1,822,850	4,507,850
2023	2,760,000	1,713,950	4,473,950
2024	1,450,000	1,629,750	3,079,750
2025	1,605,000	1,568,650	3,173,650
2026-2030	10,515,000	6,838,900	17,353,900
2031-2035	15,545,000	4,522,750	20,067,750
2036-2040	21,555,000	1,695,825	23,250,825
Total	$ 56,815,000	$ 21,683,225	$ 78,498,225

Compensated Absences

At June 30, 2020, the liability for compensated absences was $7,656,609, of which $452,341 is considered current.

Load Banking

At June 30, 2020, the liability for load banking was $5,738,290.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported a net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 109,086,035	$ 19,230,029	$ 39,739,802	$ 4,048,665
Medicare Premium Payment (MPP) Program	851,015	-	-	(1,254)
Total	$ 109,937,050	$ 19,230,029	$ 39,739,802	$ 4,047,411

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

The Public Retirement Services (PARS) administers Rancho Santiago Community College's Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	463
Active employees	1,076
	1,539

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Public Retirement Services (PARS) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Financial information for PARS can be found on the PARS website at: http://www.pars.org.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Faculty Association (FARSCCD), the local California School Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, FARSCCD, CSEA and unrepresented groups are based on the availability of funds. For the measurement period of June 30, 2019, the District contributed $48,434,870 to the Plan, of which $8,434,870 was used for current premiums and $40,000,000 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
Equity	60.0%
Cash	35.0%
Fixed Income	5.0%

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 0.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $109,086,035 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 149,205,110
Plan fiduciary net position	40,119,075
Net OPEB liability	$ 109,086,035
Plan fiduciary net position as a percentage of the total OPEB liability	26.89%

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent
Investment rate of return	6.50 percent
Healthcare cost trend rates	6.50 percent

The discount rate was based on using a building-block method in which best-estimate ranges of expected future real rates are developed for each major asset class.

Mortality rates were based on the most recent experience study for the CalPERS pension plan. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on 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 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding 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, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	5.25%
Cash	3.65%
Fixed Income	0.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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 lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2018	$ 138,984,339	$ -	$ 138,984,339
Service cost	7,981,036	-	7,981,036
Interest	8,993,120	-	8,993,120
Conributions - employer	-	48,434,870	(48,434,870)
Difference between expected and actual experience	(11,602,517)	-	(11,602,517)
Net investment income	-	119,075	(119,075)
Changes of assumptions or other inputs	13,284,002	-	13,284,002
Benefit payments	(8,434,870)	(8,434,870)	-
Net change in total OPEB liability	10,220,771	40,119,075	(29,898,304)
Balance, June 30, 2019	$ 149,205,110	$ 40,119,075	$ 109,086,035

Changes of assumptions and other inputs reflects a change in the discount rate from 6.30 percent in 2018 to 6.50 percent in 2019, a change in the inflation rate from 2.75 percent in 2018 to 2.50 percent, and a change in the salary increase rate of 2.75 percent in 2018 to 3.00 percent in 2019. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.50%)	$ 123,755,373
Current discount rate (6.50%)	109,086,035
1% increase (7.50%)	96,329,857

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (5.50% decreasing to 4.00%)	$ 95,167,043
Current healthcare cost trend rate (6.50% decreasing to 5.00%)	109,086,035
1% increase (7.50% decreasing to 6.00%)	125,282,751

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

At June 30, 2020, the District recognized OPEB expense of $4,048,665. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 7,843,742	$ -
Differences between expected and actual experience	-	9,945,015
Changes of assumptions	11,386,287	29,783,527
Net difference between projected and actual earnings on OPEB plan investments	-	11,260
Total	$ 19,230,029	$ 39,739,802

The deferred inflows of resources will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (4,017,391)
2022	(4,017,391)
2023	(4,017,391)
2024	(4,017,391)
2025	(4,014,576)
Thereafter	(8,269,375)
	$ (28,353,515)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $851,015 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.2285 percent and 0.2227, respectively, resulting in a net increase in the proportionate share of 0.0058 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(1,254).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net 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 OPEB Liability
1% decrease (2.50%)	$ 928,652
Current discount rate (3.50%)	851,015
1% increase (4.50%)	779,632

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 797,656
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	851,015
1% increase (4.7% Part A and 5.1% Part B)	957,599

Note 12 - Risk Management

Property and Liability Insurance Coverages

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; medical claims; and natural disasters. During the fiscal year, the District maintained an Internal Service Fund to account for and finance its uninsured risk of loss. The Self-Insurance Fund provides coverage for up to a maximum of $25,000 for each general liability claim and $10,000 for each property damage claim. Prior to August 1, 2017, workers' compensation was 100 percent insured coverage. Effective August 1, 2017, the District became self-insured for its workers' compensation liability for the first $150,000 of each claim and the remainder continues to be insured through a Joint Powers Authority Risk Pool (JPA). The District participates in a JPA to provide excess insurance coverage about the self-insured retention level for workers' compensation, property, and liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Workers' compensation claims are charged to the respective funds which generated the liability and the property and liability claims are paid by the General Fund.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2020:

	Workers' Compensation	Property and Liability
Liability Balance, July 1, 2018	$ 400,000	$ -
Claims and changes in estimates	261,819	(65,041)
Claims payments	(261,819)	65,041
Liability Balance, June 30, 2019	400,000	-
Claims and changes in estimates	287,511	79,947
Claims payments	(287,511)	(79,947)
Liability Balance, June 30, 2020	$ 400,000	$ -
Assets Available to Pay Claims at June 30, 2020	$ 3,428,874	$ 5,499,721

Joint Powers Authority Risk Pools

The District participates in two Joint Powers Agreement (JPA) entities: the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF).

ASCIP arranges for and provides property, liability, and workers' compensation insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested.

SELF arranges for and provides a self-funded or additional insurance for excess liability for approximately 1,100 public educational agencies. SELF is governed by a board of 16 elected voting members, elected alternates, and two ex-officio members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's board of directors and shares surpluses and deficits proportionately to its participation in SELF.

ASCIP is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA, independent of any influence by Rancho Santiago Community College District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between Rancho Santiago Community College District and the JPAs are such that none of the JPAs is a component unit of the District for financial reporting purposes.

Separate financial statements for each JPA may be obtained from the respective entity.

Note 13 - Employee Retirement Systems

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

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

Primary Government

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 116,671,499	$ 33,110,791	$ 12,494,002	$ 14,239,195
CalPERS	101,278,658	25,239,662	939,379	17,486,978
Total	$ 217,950,157	$ 58,350,453	$ 13,433,381	$ 31,726,173

Fiduciary Funds

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS - Misc. Plan (Associated Students)	$ 602,717	$ 156,996	$ 53,193	$ 132,289

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

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

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $13,199,271.

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

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

Total net pension liability, including State share	
District's proportionate share of net pension liability	$ 116,671,499
State's proportionate share of net pension liability associated with the District	63,652,092
Total	$ 180,323,591

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1292 percent and 0.1241 percent, respectively, resulting in a net increase in the proportionate share of 0.0051 percent.

For the year ended June 30, 2020, the District recognized pension expense of $14,239,195. In addition, the District recognized pension expense and revenue of $9,479,169 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,199,271	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,860,591	4,712,113
Differences between projected and actual earnings on pension plan investments	-	4,494,222
Differences between expected and actual experience in the measurement of the total pension liability	294,534	3,287,667
Changes of assumptions	14,756,395	-
Total	$ 33,110,791	$ 12,494,002

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (453,319)
2022	(3,567,882)
2023	(740,748)
2024	267,727
Total	$ (4,494,222)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 2,351,935
2022	2,351,936
2023	2,827,930
2024	3,911,014
2025	59,102
Thereafter	409,823
Total	$ 11,911,740

Actuarial Methods and Assumptions

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

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

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

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

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

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%)	$ 173,733,520
Current discount rate (7.10%)	116,671,499
1% increase (8.10%)	69,356,217

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, and the Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $10,073,117.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $101,278,658. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.3475 percent and 0.3309 percent, respectively, resulting in a net increase in the proportionate share of 0.0166 percent.

For the year ended June 30, 2020, the District recognized pension expense of $17,486,978. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,073,117	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,988,471	-
Differences between projected and actual earnings on pension plan investments	-	939,379
Differences between expected and actual experience in the measurement of the total pension liability	7,356,895	-
Changes of assumptions	4,821,179	-
Total	$ 25,239,662	$ 939,379

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 927,270
2022	(1,852,193)
2023	(280,678)
2024	266,222
Total	$ (939,379)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 8,680,420
2022	4,179,179
2023	2,097,224
2024	209,722
Total	$ 15,166,545

Actuarial Methods and Assumptions

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

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

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

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

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%)	$ 145,986,527
Current discount rate (7.15%)	101,278,658
1% increase (8.15%)	64,190,393

California Public Employees' Retirement System (CalPERS) - Misc. Plan (Associated Students)

Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, the Miscellaneous Risk Pool Actuarial Valuation. The report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

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 Miscellaneous Risk Pool is closed to new entrants and no current employees are covered by the plan.

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

	School Employer Pool (CalPERS) - Miscellaneous Risk Pool	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 60
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required unfunded liability payment to CalPERS	$ 79,674	$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions for CalPERS was $79,674.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS Miscellaneous Risk Pool net pension liability $602,717. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0140 percent and 0.0155 percent, respectively, resulting in a net decrease in the proportionate share of 0.0015 percent.

For the year ended June 30, 2020, the District recognized pension expense of $132,289 for CalPERS Miscellaneous Risk Pool. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 79,674	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,537	33,888
Differences between projected and actual earnings on pension plan investments	-	9,815
Differences between expected and actual experience in the measurement of the total pension liability	42,014	-
Changes of assumptions	26,771	9,490
Total	$ 156,996	$ 53,193

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 6,321
2022	(15,349)
2023	(2,769)
2024	1,982
Total	$ (9,815)

The deferred outflows/(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 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 36,076
2022	133
2023	(2,265)
Total	$ 33,944

Actuarial Methods and Assumptions

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	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%

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	CalPERS Miscellaneous Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 966,790
Current discount rate (7.15%)	602,717
1% increase (8.15%)	302,201

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Public Agency Retirement Services (PARS)

Plan Description

The Public Agency Retirement Services is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees, and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, in the amount of $6,648,664 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019-2020 contribution on behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Spent to Date	Remaining Construction Commitment	Expected Date of Completion
Johnson Student Center - SAC	$ 36,998,707	$ 18,916,009	FY 2021
Science Center - SAC	55,803,846	5,282,168	FY 2021
Russell Hall Replacement (Health Sciences)	3,418,096	3,712,107	FY 2022
	$ 96,220,649	$ 27,910,284	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 15 - Subsequent Events

On August 6, 2020, the District issued the General Obligation Refunding Bonds 2020 Series A-1 and A-2 for $94,490,000 and $48,325,000, respectively. The proceeds of the Series A-1 bonds will be used to provide for the defeasance of certain maturities of the bonds issued under the 2002 Election General Obligations bonds and to pay certain costs of issuance. The bonds will be repaid by the District through September 1, 2027, with semi-annual interest payments at rates between 0.235 percent to 1.106 percent. The proceeds of the Series A-2 bonds will be used to provide for the defeasance of certain maturities of the bonds issued under the 2012 Election General Obligations bonds and to pay certain costs of issuance, finance the construction, acquisition, furnishing and equipping of District facilities located within Santa Ana College Improvement District No. 1; to make a deposit into the debt service fund of the District; and pay certain costs of issuance. The bonds will be repaid by the District through August 1, 2035, with semi-annual interest payments at rates between 0.255 percent to 2.040 percent.

On September 14, 2020, the Board of Trustees approved a Supplemental Retirement Plan (SRP) through Public Agency Retirement Services (PARS). The retirement incentive program was offered to faculty, managers, confidential and classified employees who are nearing retirement and are eligible to retire under CalSTRS or CalPERS. The District received seventy-seven applications from employees to participate in the SRP. The District’s annual annuity premium payments of $1,160,610 will be made through the 2024-2025 fiscal year, which reflects 80% of the final pay of all the participants in the plan.

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

Required Supplementary Information
June 30, 2020

Rancho Santiago Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 7,981,036	$ 7,767,432	$ 7,559,545
Interest	8,993,120	10,522,057	5,660,197
Differences between expected and actual experience	(11,602,517)	-	-
Changes of assumptions	13,284,002	(38,293,105)	-
Benefit payments	(8,434,870)	(8,290,199)	(7,971,345)
Net changes in total OPEB liability	10,220,771	(28,293,815)	5,248,397
Total OPEB Liability - Beginning	138,984,339	167,278,154	162,029,757
Total OPEB Liability - Ending	$ 149,205,110	$ 138,984,339	$ 167,278,154
Plan Fiduciary Net Position			
Contributions - Employer	$ 48,434,870	$ 8,290,199	$ 7,971,345
Net Investment Income	119,075	-	-
Benefit Payments	(8,434,870)	(8,290,199)	(7,971,345)
Net Change in Plan Fiduciary Net Position	40,119,075	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (B)	$ 40,119,075	$ -	$ -
District'S Net OPEB Liability - Ending (A) - (B)	$ 109,086,035	$ 138,984,339	$ 167,278,154
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	26.89%	0.00%	0.00%
Covered Payroll	102,907,215	N/A[1]	N/A[1]
District's Total OPEB Liability as a Percentage of Covered Payroll	106.00%	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] The District's OPEB Plan was not administered through a trust and contributions were not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	2020
Actuarially determined contribution	$ 12,698,406
Contribution in relation to the actuarially determined contribution	48,434,870
Contribution deficiency (excess)	$ (35,736,464)
Covered payroll	102,907,215
Contributions as a percentage of covered payroll	47.07%

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

	2020
Annual money-weighted rate of return, net of investment expense	0.30%

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

	2020	2019	2018
District's proportion of the net OPEB liability	0.2285%	0.2227%	0.2292%
District's proportionate share of the net OPEB liability	$ 851,015	$ 852,269	$ 964,112
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.1292%	0.1241%	0.1266%	0.1280%	0.1367%	0.1355%
District's proportionate share of the net pension liability	$ 116,671,499	$ 114,011,608	$ 117,449,600	$ 103,527,680	$ 92,009,654	$ 79,176,119
State's proportionate share of the net pension liability associated with the District	63,652,092	65,276,978	69,482,757	58,945,139	48,662,964	47,809,959
Total	$ 180,323,591	$ 179,288,586	$ 186,932,357	$ 162,472,819	$ 140,672,618	$ 126,986,078
District's covered payroll	$ 75,802,082	$ 71,577,651	$ 68,831,638	$ 66,264,977	$ 63,390,631	$ 60,347,491
District's proportionate share of the net pension liability as a percentage of its covered payroll	153.92%	159.28%	170.63%	156.23%	145.15%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
District's proportion of the net pension liability	0.3475%	0.3309%	0.3292%	0.3293%	0.3469%	0.3555%
District's proportionate share of the net pension liability	$ 101,278,658	$ 88,231,274	$ 78,588,729	$ 65,036,954	$ 51,129,735	$ 40,363,347
District's covered payroll	$ 48,579,637	$ 43,613,412	$ 41,959,850	$ 39,539,715	$ 38,369,484	$ 37,323,667
District's proportionate share of the net pension liability as a percentage of its covered payroll	208.48%	202.30%	187.30%	164.49%	133.26%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Risk Pool						
District's proportion of the net pension liability	0.0140%	0.0155%	0.0150%	0.0131%	0.0110%	0.0064%
District's proportionate share of the net pension liability	$ 602,717	$ 582,930	$ 589,281	$ 521,364	$ 405,612	$ 397,446
District's covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	75%	78%	75%	78%	78%	80%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

* The plan has no active members and, therefore, no covered-employee payroll.

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 13,199,271	$ 12,340,579	$ 10,328,655	$ 8,659,020	$ 7,110,232	$ 5,629,088
Contributions in relation to the contractually required contribution	13,199,271	12,340,579	10,328,655	8,659,020	7,110,232	5,629,088
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 77,188,719	$ 75,802,082	$ 71,577,651	$ 68,831,638	$ 66,264,977	$ 63,390,631
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 10,073,117	$ 8,774,454	$ 6,773,599	$ 5,827,384	$ 4,684,270	$ 4,516,472
Contributions in relation to the contractually required contribution	10,073,117	8,774,454	6,773,599	5,827,384	4,684,270	4,516,472
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 51,078,125	$ 48,579,637	$ 43,613,412	$ 41,959,850	$ 39,539,715	$ 38,369,484
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

See Notes to Required Supplementary Information

	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Risk Pool						
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* The plan has no active members and, therefore, no covered-employee payroll.

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 Liability and Related Ratios

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

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

Changes of Assumptions – The discount rate assumption was changed from 6.30 percent to 6.50 percent since the previous valuation. The inflation rate assumption was changed from 2.75 percent to 2.50 percent since the previous evaluation. The salary increase rate was changed from 2.75 percent to 3.00 percent since the previous valuation.

Schedule of the District Contributions for OPEB

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

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value basis
Inflation	2.50 percent
Health care cost trend rates	6.50 percent initial, decreasing to a rate of 5.00 percent
Salary increases	3.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of OPEB plan investment expense
Retirement age	For CalPERS employees, according to the retirement rates under the 2017 experience study for the CalPERS pension plan. For STRS employees, according to the termination rates under the most recent CalSTRS pension plan valuation.
Mortality	Mortality rates are based on the most recent rates used by CalPERS for pension valuations.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Rancho Santiago Community College District

Rancho Santiago Community College District was established in 1971 and is comprised of an area of approximately 193 square miles located in Orange County. There were no changes in the boundaries of the District during the current year. The District currently operates two colleges: Santa Ana College and Santiago Canyon College, as well as the Orange County Regional Sheriff's Training Academy, the Digital Media Center, and two continuing education centers: Orange Education Center and Centennial Education Center. 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
Claudia C. Alvarez	President	2020
Phillip E. Yarbrough	Vice President	2022
Arianna P Barrios	Clerk	2020
John R. Hanna	Member	2022
Lawrence R. "Larry" Labrado	Member	2022
Nelida Mendoza	Member	2020
Mariano Cuellar	Student Trustee	2021

ADMINISTRATION

Marvin Martinez	Chancellor
Dr. Linda Rose, Ed.D.*	President of Santa Ana College
John Hernandez, Ph.D.**	President of Santiago Canyon College
Tracie Green	Vice Chancellor, Human Resources
Enrique Perez, J.D.	Vice Chancellor, Educational Services
Peter Hardash***	Vice Chancellor, Business Operations and Fiscal Services

*Retired as of July 1, 2020.
**Resigned as of July 31, 2020.
***Retired as of September 30, 2020

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Rancho Santiago Community College District Foundation, established 1998
Master Agreement signed 2016, updated 2018
Enrique Perez, Executive Director

Santa Ana College Foundation, established 1968
Master Agreement signed 2019
Christina Romero, Executive Director

Santiago Canyon College Foundation, established 1998
Master Agreement signed 1998
Syed Rizvi, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 22,658,403	$ -
Federal Pell Grant Program-Administrative Allowance	84.063		473	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		635,232	-
Federal Supplemental Educational Opportunity Grant Administrative Allowance	84.007		4,328	-
Federal Work-Study Program	84.033		430,096	-
Federal Direct Loan	84.268		1,536,526	-
Subtotal Student Financial Assistance Cluster			25,265,058	-
TRIO Cluster				
Student Support Services	84.042A		606,035	-
Student Support Services - Veterans	84.042A		299,663	-
Talent Search	84.044A		438,084	-
Upward Bound	84.047A		280,846	-
Upward Bound - Math and Science	84.047M		287,444	-
Upward Bound - Veterans	84.047V		303,061	-
Subtotal TRIO Cluster			2,215,133	-
Migrant Education - College Assistance Program	84.149A		432,719	-
Child Care Access Means Parents in School (CCAMPIS)	84.335A		19,566	-
COVID-19: CARES Act Higher Education Emergency Relief Funds (HEERF), Student Portion	84.425E		2,588,496	-
COVID-19: CARES Act HEERF, Institutional Portion	84.425F		1,260,488	-
COVID-19: CARES Act HEERF, MSI	84.425L		400,069	-
Subtotal			4,249,053	-
Passed through California Department of Education				
Adult Education: Adult Secondary Education (Section 231)	84.002	13978	278,921	-
Adult Basic Education: Adult Basic Education & ELA (Section 231)	84.002A	14508	1,516,111	-
Adult Education: English Literacy & Civics Education- Local Grant	84.002A	14109	737,532	-
Adult Basic Education: Institutionalized Adults (Section 225)	84.002	13971	218,250	-
Subtotal			2,750,814	-

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act, Perkins Title I, Part C	84.048A	19-C01-042	$ 1,052,232	$ -
CTE Transitions	84.048A	19-C01-042	75,260	-
LAOC Regional Consortium (Title I, Part B)	84.048	18-208-001	423,501	51,455
Subtotal			1,550,993	51,455
Passed through CSU Fullerton Auxiliary Services Corporation				
Regional Alliance in STEM Education	84.031C	S-6386-SCC/ S-6386-SAC	31,338	-
Total U.S. Department of Education			36,514,674	51,455
U.S. Department of Health and Human Services				
Head Start Cluster				
Early Head Start	93.600		2,047,375	-
Total Head Start Cluster			2,047,375	-
Passed through The Foundation for California Community Colleges				
Youth Empowerment Strategies for Success (YESS)	93.674	YP-092-17	15,447	-
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families	93.558	[1]	99,794	-
Child Care and Development Fund (CCDF) Cluster				
Passed through California Department of Education				
Child Development: Federal Child Care, Center-based	93.596	13609	194,791	-
Child Development: Federal Child Care, Center-based	93.575	15136	89,544	-
Passed through Yosemite Community College District				
Child Development Training Consortium	93.575	18-19-2885	33,745	-
Total Child Care and Development Fund (CCDF) Cluster			318,080	-
Total U.S. Department of Health and Human Services			2,480,696	-

[1] Pass-Through Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Agriculture				
Forest Reserve	10.665		$ 666	$ -
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	04369-CACFP-30-CC-CS 30-CC-CS	204,519	-
Passed through CSU Fullerton Auxiliary Services Corporation				
Urban Agriculture Community Research Experience (U-ACRE 3.0)	10.223	S-6286-SAC	5,147	-
Total U.S. Department of Agriculture			210,332	-
U.S. Small Business Administration				
Passed through California State University, Fullerton				
California Small Business Development Center (SBDC)	59.037	[1]	314,554	-
Total U.S. Small Business Administration			314,554	-
Federal Emergency Management Agency				
Passed through California Office of Emergency Services				
Pre-Disaster Mitigation	97.047	FIPS #059-91021	590	-
Total Federal Emergency Management Agency			590	-
National Science Foundation				
Research and Development Cluster				
NSF - ATE OC Biotechnology Collaborative	47.076		15,141	-
NSF - STEM Scholars Academy	47.076		102,794	-
Passed through South Orange County Community College District				
NSF - STEM Core Expansion	47.041	SOCCD #501	27,799	-
Passed through Consulting for Environment System Technology				
NSF - CFEST	47.041	CFEST-SCC-06	552	-
Passed through CSU Fullerton Auxiliary Services Corporation				
Transitioning Math Majors into Teaching	47.076	S-6668-SAC	9,195	-
Total Research and Development Cluster			155,481	-
Total National Science Foundation			155,481	-
Total Federal Program Expenditures			$ 39,676,327	$ 51,455

Program	Program Entitlements Current Year	Program Entitlements Prior Year	Program Entitlements Total Entitlement
AB 1725 - Faculty and Staff Diversity	$ 67,194	$ 34,631	$ 101,825
AB77 Handicapped (DSPS)	1,981,767	-	1,981,767
Adult Education Block Grant	5,103,978	1,800,706	6,904,684
Board Financial Assistance Program - SFA Admin (BFAP-SFAA)	1,068,959	-	1,068,959
CA Apprenticeship Initiative FA	996,142	684,000	1,680,142
CA Career Pathways Trust	-	827	827
CAL Grants	3,110,167	-	3,110,167
California College Promise	2,465,086	-	2,465,086
California Education Learning Lab	1,300,000	1,016,314	2,316,314
CalWORKs	553,374	-	553,374
Campus Safety and Sexual Assault	52,477	49,608	102,085
CDS C-B Reserve	-	2,637	2,637
Certified Nurse Assistant Program	128,657	14,231	142,888
Child Development: California State Preschool Program	3,435,865	-	3,435,865
Child Development: General Child Care & Development	1,370,134	-	1,370,134
Child Dev Center - CSPP - Tax Bailout	262,059	-	262,059
Child and Adult Care Food Program	11,391	-	11,391
College Textbook Affordability	49,000	-	49,000
Cooperative Agencies Resources for Education (CARE)	152,817	-	152,817
CSUF/SBDC GO biz CIP	50,000	-	50,000
CSUF/SBDC GO biz TAEP	300,806	214,116	514,922
CTE Data Unlocked	2,246	-	2,246
CTE SWP-Local II	8,917,255	5,441,625	14,358,880
CTE SWP-Regional Share	72,564,528	42,622,705	115,187,233
Data Science Tool Fiscal Agent	3,583,964	189,186	3,773,150
Data Services Program Fiscal Agent	481,000	33,826	514,826
Econ Dev DSN Retail Hospitality Boot Camp	48,075	48,075	96,150
Edu Futures Initiative SAC	102,811	-	102,811
EWD Key Talent Admin and FA	27,692,093	4,119,571	31,811,664
Extended Opportunities Program and Services (EOPS)	2,298,935	-	2,298,935
Family PACT	53,397	-	53,397
Financial Aid Technology	458,020	413,770	871,790

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
Guided Pathways	1,534,661	899,116	2,433,777
Hunger Free Campus	239,678	-	239,678
Improving Online CTE Pathways	514,985	-	514,985
Incarcerated Studnets Re-entry Program	227,272	-	227,272
Innovation and Effectiveness (SCC)	247,187	131,360	378,547
Instructional Equipment	192,940	-	192,940
IT Data Service Program FA	481,000	-	481,000
K12 SWP Pathway Improvement	39,276,907	8,097,394	47,374,301
Mental Health Support	228,549	-	228,549
MESA CCCP	74,515	-	74,515
Nursing Program Support	207,358	-	207,358
Puente Project	6,037	-	6,037
QRIS Block Grant	464,039	455,551	919,590
Santa Ana Middle College High School	149,095	-	149,095
SBDC - Go Biz	8,252	-	8,252
Sector Navigator Info CMU Tech	401,755	-	401,755
Sector Navigator RHT	484,282	-	484,282
Song Brown Act	285,698	-	285,698
Staff Development - One time	122,431	-	122,431
Student Equity and Achievement Program (SEAP)	15,189,848	737,115	15,926,963
Student Success Completion Grant (SSCG)	3,726,826	-	3,726,826
SWP K12 and K14 TAP	10,312,394	5,127,156	15,439,550
SWP K12 Pathway Improvement	36,532,553	36,532,553	73,065,106
Telecommunication Technology Infrastructure (TTIP)	3,822	-	3,822
Textbook Affordability	7,185	-	7,185
VRC Grant Program	193,420	102,930	296,350
VRC Ongoing Funding	116,986	85,382	202,368
Total state programs	$ 206,874,178	$ 99,726,515	$ 306,600,693

See Notes to Supplementary Information

	Program Revenues					
Program	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
AB 1725 - Faculty and Staff Diversity	$ 50,000	$ -	$ 39,631	$ -	$ 32,563	$ 32,563
AB77 Handicapped (DSPS)	1,809,482	-	123,505	-	1,728,656	1,728,656
Adult Education Block Grant	3,160,444	-	1,800,706	-	3,303,272	3,303,272
Board Financial Assistance Program - SFA Admin (BFAP-SFAA)	1,065,578	-	19,952	-	1,045,814	1,045,814
CA Apprenticeship Initiative FA	-	-	24,000	-	312,142	312,142
CA Career Pathways Trust	827	-	-	-	827	827
CAL Grants	3,107,948	-	-	-	3,109,620	3,109,620
California College Promise	1,678,834	-	1,521,579	-	943,507	943,507
California Education Learning Lab	11,806	271,880	-	-	283,686	283,686
CalWORKs	544,781	-	27,573	-	527,756	527,756
Campus Safety and Sexual Assault	-	-	49,608	-	2,869	2,869
CDS C-B Reserve	2,637	-	2,637	-	-	-
Certified Nurse Assistant Program	-	-	14,231	-	114,426	114,426
Child Development: California State Preschool Program	3,142,979	292,886	-	-	3,435,865	3,435,865
Child Development: General Child Care & Development	536,141	549,658	-	-	1,085,799	1,085,799
Child Dev Center - CSPP - Tax Bailout	262,059	-	-	-	262,059	262,059
Child and Adult Care Food Program	11,391	-	-	-	11,391	11,391
College Textbook Affordability	-	7,301	-	-	48,951	48,951
Cooperative Agencies Resources for Education (CARE)	149,492	-	8,857	601	143,960	143,960
CSUF/SBDC GO biz CIP	-	40,744	-	-	40,744	40,743
CSUF/SBDC GO biz TAEP	806	85,884	-	-	86,690	86,690
CTE Data Unlocked	(20,000)	20,000	-	20,000	(17,754)	(17,754)
CTE SWP-Local II	3,288,682	-	5,441,624	-	3,475,630	3,475,630
CTE SWP-Regional Share	25,019,156	-	42,567,468	-	29,941,824	29,941,824
Data Science Tool Fiscal Agent	1,400,000	1,950,449	-	-	3,350,449	3,350,449
Data Services Program Fiscal Agent	192,400	254,774	-	-	447,174	447,174
Econ Dev DSN Retail Hospitality Boot Camp	-	-	48,075	-	-	-
Edu Futures Initiative SAC	53,516	-	-	-	102,811	102,811
EWD Key Talent Admin and FA	13,200,000	8,119,438	819,571	-	21,011,961	21,011,961
Extended Opportunities Program and Services (EOPS)	2,295,548	-	174,387	-	2,124,544	2,124,544
Family PACT	53,397	-	-	-	53,397	17,735
Financial Aid Technology	99,501	-	413,770	-	44,250	44,250

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
Guided Pathways	596,144	-	899,116	-	635,545	635,545
Hunger Free Campus	107,493	-	255,220	-	98,096	98,096
Improving Online CTE Pathways	233,154	178,756	22,848	-	389,063	389,063
Incarcerated Studnets Re-entry Program	90,909	-	38,469	-	52,439	52,439
Innovation and Effectiveness (SCC)	-	-	131,360	-	115,827	115,827
Instructional Equipment	100,272	-	-	-	100,272	144,561
IT Data Service Program FA	-	288,600	-	-	481,000	481,000
K12 SWP Pathway Improvement	-	456,000	8,553,394	-	31,179,513	31,179,513
Mental Health Support	-	-	53,564	-	174,985	174,985
MESA CCCP	-	71,932	-	-	71,933	71,933
Nursing Program Support	207,358	-	-	-	207,358	207,358
Puente Project	-	-	4,512	-	1,525	1,525
QRIS Block Grant	150,000	-	455,551	-	8,488	8,488
Santa Ana Middle College High School	49,095	31,468	-	-	80,563	80,563
SBDC - Go Biz	8,251	-	-	-	8,251	8,251
Sector Navigator Info CMU Tech	297,600	103,959	-	-	401,559	401,559
Sector Navigator RHT	409,881	-	12,770	-	397,111	397,111
Song Brown Act	118,282	95,838	-	-	214,120	214,120
Staff Development - One time	-	-	121,290	-	1,141	1,141
Student Equity and Achievement Program (SEAP)	13,286,949	-	2,174,520	-	13,016,031	13,016,031
Student Success Completion Grant (SSCG)	3,059,462	-	661,843	-	3,064,983	3,064,983
SWP K12 and K14 TAP	3,112,393	2,072,845	-	-	5,185,238	5,185,238
SWP K12 Pathway Improvement	36,757,301	-	36,757,301	-	-	-
Telecommunication Technology Infrastructure (TTIP)	-	-	3,674	-	148	148
Textbook Affordability	-	-	111	-	7,075	7,075
VRC Grant Program	-	21,922	4,852	-	90,490	90,490
VRC Ongoing Funding	159,089	-	209,073	-	31,703	31,703
Total state programs	$ 119,861,038	$ 14,914,334	$ 103,456,642	$ 20,601	$ 133,069,340	$ 133,077,966

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit**	891.29	-	891.29
2. Credit	1,901.49	-	1,901.49
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit**	42.69	-	42.69
2. Credit	27.18	-	27.18
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,186.07	-	12,186.07
(b) Daily Census Contact Hours	824.07	-	824.07
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	4,552.92	-	4,552.92
(b) Credit	2,415.04	-	2,415.04
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,054.65	-	2,054.65
(b) Daily Census Procedure Courses	2,011.44	-	2,011.44
(c) Noncredit Independent Study/Distance Education Courses	116.52	-	116.52
D. Total FTES	27,023.36	-	27,023.36
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,612.17	-	1,612.17
F. Basic Skills Courses and Immigrant Education			
1. Noncredit**	3,910.84	-	3,910.84
2. Credit	34.65	-	34.65
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	4,488.16	-	4,488.16
Centers FTES			
1. Noncredit**	2,990.62	-	2,990.62

		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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 30,521,540	$ -	$ 30,521,540	$ 30,521,540	$ -	$ 30,521,540
Other	1300	27,904,529	-	27,904,529	27,904,529	-	27,904,529
Total Instructional Salaries		58,426,069	-	58,426,069	58,426,069	-	58,426,069
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	14,174,524	-	14,174,524
Other	1400	-	-	-	1,997,165	-	1,997,165
Total Noninstructional Salaries		-	-	-	16,171,689	-	16,171,689
Total Academic Salaries		58,426,069	-	58,426,069	74,597,758	-	74,597,758
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	27,016,387	-	27,016,387
Other	2300	-	-	-	1,359,026	-	1,359,026
Total Noninstructional Salaries		-	-	-	28,375,413	-	28,375,413
Instructional Aides							
Regular Status	2200	474,438	-	474,438	474,438	-	474,438
Other	2400	1,763,846	-	1,763,846	1,763,846	-	1,763,846
Total Instructional Aides		2,238,284	-	2,238,284	2,238,284	-	2,238,284
Total Classified Salaries		2,238,284	-	2,238,284	30,613,697	-	30,613,697
Employee Benefits	3000	29,941,713	-	29,941,713	59,010,739	-	59,010,739
Supplies and Material	4000	-	-	-	1,358,361	-	1,358,361
Other Operating Expenses	5000	5,482,527	-	5,482,527	17,935,948	-	17,935,948
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		96,088,593	-	96,088,593	183,516,503	-	183,516,503

		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 Retirement Incentives	5900	$ 3,497,538	$ -	$ 3,497,538	$ 3,497,538	$ -	$ 3,497,538
Student Health Services Above Amount Collected	6441	-	-	-	15,427	-	15,427
Student Transportation	6491	-	-	-	3,108	-	3,108
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	4,346,203	-	4,346,203
Objects to Exclude							
Rents and Leases	5060	-	-	-	632,478	-	632,478
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
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		-	-	-	-	-	-

See Notes to Supplementary Information

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 3,549,384	$ -	$ 3,549,384
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		3,497,538	-	3,497,538	12,044,138	-	12,044,138
Total for ECS 84362, 50 Percent Law		$ 92,591,055	$ -	$ 92,591,055	$ 171,472,365	$ -	$ 171,472,365
Percent of CEE (Instructional Salary Cost/Total CEE)		54.00%		54.00%	100.00%		100.00%
50% of Current Expense of Education					$ 85,736,182		$ 85,736,182

See Notes to Supplementary Information

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

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				$ 19,755,427
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 19,755,427	-	-	$ 19,755,427
Total Expenditures for EPA		$ 19,755,427	-	-	$ 19,755,427
Revenues Less Expenditures					$ -

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance	
General Funds	$ 41,412,351
Special Revenue Funds	4,921,188
Capital Project Funds	129,821,305
Debt Service Funds	33,490,114
Internal Service Funds	(27,172,969)
Fiduciary Funds	1,037,111
Total fund balance - all district governmental funds	183,509,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	720,908,686
Accumulated depreciation is	(221,819,171)
	499,089,515
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.	(5,598,572)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources amount to and related to:	
Debt refundings	742,191
Aggregate net other postemployment benefits (OPEB) liability	19,230,029
Aggregate net pension liability	58,350,453
Total Deferred Outflows of Resources	78,322,673

Deferred outflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to:	
Aggregate net OPEB liability	(39,739,802)
Aggregate net pension liability	(13,433,381)
Total Deferred Inflows of Resources	(53,173,183)
Aggregate net OPEB liability is not due and payable in the current period, less amount already reported as liability in the funds.	(30,331,050)
Aggregate net pension liability is not due and payable in the current period, and is not reported as liability in the funds.	(217,950,157)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable, net of premium	(414,432,926)
Compensated absences (vacations)	(7,656,609)
Less compensated absences already recorded in the funds	452,341
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:	(47,633,781)
	(469,270,975)
Total net position	$ (15,402,649)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2020.

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Rancho Santiago Community College District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Rancho Santiago Community College District, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of Rancho Santiago Community College District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Child Care Access Means Parents in School (CCAMPIS) funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2020.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position		$ 39,801,769
Child Care Access Means Parents in School (CCAMPIS)	84.335A	(125,442)
Total expenditures of federal awards		$ 39,676,327

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 students 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 to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2020

Rancho Santiago Community College District

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

Board of Trustees
Rancho Santiago Community College District
Santa Ana, 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 and the aggregate remaining fund information of Rancho Santiago Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2021.

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

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 16, 2021

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
Rancho Santiago Community College District
Santa Ana, California

Report on Compliance for Each Major Federal Program
We have audited Rancho Santiago Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 16, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Rancho Santiago Community College District
Santa Ana, California

Report on State Compliance
We have audited Rancho Santiago Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with the 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 in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the Districts' compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the Districts' compliance.

Compliance Requirements Tested

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

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

Unmodified Opinion

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 in the table above that were audited for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Contracted District Audit Manual*, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 16, 2021

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Career and Technical Education Act, Perkins Title I, Part C; CTE Tranitions; LAOC Regional Consortium (Title I, Part B)	84.048, 84.048A
COVID-19: CARES Act Higher Education Emergency Relief Funds (HEERF), Student Portion; COVID-19: CARES Act HEERF, Institutional Portion; COVID-19: CARES Act HEERF, MSI	84.425E, 84.425F, 84.425L

Dollar threshold used to distinguish between type A and type B programs:	$1,190,290
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

None reported.

None reported.

None reported.

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