Financial Statements
June 30, 2021

Rancho Santiago Community College District

Schedule of Findings and Questioned Costs

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 12 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and other required supplemental schedules on pages 65 through 74 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, 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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 December 3, 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
December 3, 2021

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, 2021. 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, 2021. 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. The 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, 2021 and 2020, is summarized below:

Table 1

	2021	2020, as restated	Change
Assets			
Cash and investments	$ 391,683,414	$ 383,600,693	$ 8,082,721
Accounts Receivable	62,331,964	31,639,191	30,692,773
Other current assets	2,844,901	3,294,745	(449,844)
Capital assets, net	511,099,209	499,089,515	12,009,694
Total assets	967,959,488	917,624,144	50,335,344
Deferred Outflows of Resources	93,294,867	78,479,669	14,815,198
Liabilities			
Accounts payable and accrued liabilities	190,935,724	147,254,985	43,680,739
Current portion of long-term liabilities	27,616,783	22,562,341	5,054,442
Noncurrent portion of long-term liabilities	798,506,260	781,789,189	16,717,071
Total liabilities	1,017,058,767	951,606,515	65,452,252
Deferred Inflows of Resources	42,974,741	53,226,376	(10,251,635)
Net Position			
Net investment in capital assets	170,566,595	121,890,307	48,676,288
Restricted	140,371,368	133,909,529	6,461,839
Unrestricted	(309,717,116)	(264,528,914)	(45,188,202)
Total net position	$ 1,220,847	$ (8,729,078)	$ 9,949,925

Fiscal year ended 2021 compared to 2020:

- Total assets increased approximately $50.3 million, a 5.4% increase from the prior year. Accounts receivable increased by $30.7 million largely due to $17.0 million due from fiduciary funds as a result of fiscal agent expenditures that were transferred to a separate custodial fund; $10.0 million in Student Equity and Achievement Program funds earned but deferred by the State Chancellor’s Office; and general apportionment earned in fiscal year 2020-2021 to be paid in the following fiscal year. Capital assets increased by $12.0 million due to $27.4 million in capital additions mostly due to construction costs for the Johnson Student Center and Science Center at Santa Ana College offset by $15.3 million in depreciation. Cash and investments increased by $8.1 million mostly due to custodial funds received from the State Chancellor’s Office under a new fiscal agent agreement.

- Total current liabilities increased approximately $48.7 million, a 28.7% increase from the prior year. The majority of the increase is within the due to fiduciary account which increased by approximately $53.0 million in 2020-2021. This was offset by a reduction in unearned revenues of approximately $13.0 million from the prior year. This is due to spending restrictions being met on funds received by the District.

- Long-term liabilities increased by $16.7 million, a 2.1% increase from the prior year. The increase is mostly due to the issuance early retirement incentives during the current year.

- Due to the provisions of GASB Statement No. 68, described in more detail in Note 10 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 $191,004,028 at June 30, 2021, an increase of $33,373,592 over the previous year's adjusted total net position of $157,630,436.

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.

Operating Results for the Year

Table 2

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	$ 12,666,088	$ 14,497,404	$ (1,831,316)
Grants and contracts, noncapital	161,093,215	152,848,047	8,245,168
Other operating revenues	1,587,918	3,980,178	(2,392,260)
Total operating revenues	175,347,221	171,325,629	4,021,592
Operating Expenses			
Salaries and benefits	220,251,113	226,675,005	(6,423,892)
Supplies, services, equipment, and maintenance	137,294,286	133,439,726	3,854,560
Student financial aid	38,799,703	35,462,708	3,336,995
Depreciation	15,345,547	17,038,247	(1,692,700)
Total operating expenses	411,690,649	412,615,686	(925,037)
Operating loss	(236,343,428)	(241,290,057)	4,946,629
Nonoperating Revenues (Expenses)			
State apportionments	74,240,695	79,590,268	(5,349,573)
Property taxes	124,627,051	119,815,609	4,811,442
Student financial aid grants	37,265,114	34,426,125	2,838,989
State revenues	8,220,365	5,670,620	2,549,745
Net interest expense	(7,216,576)	(7,719,965)	503,389
Other nonoperating revenues	5,424,003	4,323,026	1,100,977
Total nonoperating revenue (expenses)	242,560,652	236,105,683	6,454,969
Other Revenues, Gains and Losses			
State and local capital income	3,758,843	5,286,165	(1,527,322)
Gain (loss) on disposal of capital assets, net	(26,142)	30,355	(56,497)
Total other revenues, gains and losses	3,732,701	5,316,520	(1,583,819)
Change in net position	$ 9,949,925	$ 132,146	$ 9,817,779

Fiscal year ended 2021 compared to 2020:

- Grants and contracts revenues increased by 5.4% due to Higher Education Emergency Relief Funds (HEERF) the District received to defray institutional expenses associated with pandemic. Santa Ana College and Santiago Canyon College both received three rounds of HEERF for institutional costs.

- Other operating revenues decreased by 60.1% largely due to the decline in bookstore sales as a result of the ongoing pandemic.

- Salaries and benefits expense decreased by 2.8% due to employee participation in the District's Supplemental Retirement Program approved early in the fiscal year and the change in the net other postemployment benefit liability.

- State apportionments revenue decreased by $5.3 million (6.7%) in line with the 4.0% increase in property tax revenues. Compared to the prior year, the District received $4.8 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 revenues increased by 8.2% due to additional rounds of HEERF received in early spring 2021 specifically for student emergency aid. The District issued $6.4 million in emergency aid grants to students using these funds.

- State revenues increased by 45.0% due to a $2.2 million increase in state lottery proceeds.

- Other nonoperating revenues increased by 25.5% due to a $1.1 million increase in other local revenues.

- State and local capital income decreased by 28.9% due to scheduled maintenance revenues and utility rebate incentives received in the prior year which were not received in fiscal year 2020-2021.

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, 2021:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 92,461,143	$ 9,359,028	$ -	$ 1,814,562	$ -	$ 103,634,733
Instructional administration	17,506,925	923,436	-	192,950	-	18,623,311
Instructional support services	11,281,420	1,302,125	-	506,180	-	13,089,725
Student services	39,584,171	1,072,708	-	678,880	-	41,335,759
Plant operations and maintenance	6,734,968	6,053,307	-	46,591	-	12,834,866
Planning, policymaking, and coordinations	3,007,666	835,750	-	5,304	-	3,848,720
Institutional support services	32,555,494	66,661,057	-	710,074	-	99,926,625
Community services and economic development	2,235,912	37,304,218	-	2,821	-	39,542,951
Ancillary services and auxiliary operations	13,340,134	4,744,231	-	374,562	-	18,458,927
Student aid	-	-	38,799,703	-	-	38,799,703
Physical property and related acquisitions	1,543,280	456,077	-	4,250,425	-	6,249,782
Unallocated depreciation	-	-	-	-	15,345,547	15,345,547
Total	$ 220,251,113	$ 128,711,937	$ 38,799,703	$ 8,582,349	$ 15,345,547	$ 411,690,649

Changes in Cash Position

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.

- 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

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	$ (226,003,123)	$ (205,856,815)	$ (20,146,308)
Noncapital financing activities	254,520,771	202,756,373	51,764,398
Capital financing activities	(24,171,025)	16,835,233	(41,006,258)
Investing activities	3,736,098	7,307,317	(3,571,219)
Net Increase in Cash	8,082,721	21,042,108	(12,959,387)
Cash, Beginning of Year	383,600,693	362,558,585	21,042,108
Cash, End of Year	$ 391,683,414	$ 383,600,693	$ 8,082,721

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2021, the District had $747.7 million in capital assets, less $236.6 million of accumulated depreciation for net capital assets of $511.1 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 $27.4 million on capital assets in 2020-2021, the majority of which relate to bond proceeds. Depreciation charges totaled $15.3 million in 2020-2021.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

Table 5

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	$ 188,721,316	$ 23,360,026	$ -	$ 212,081,342
Buildings and improvements	462,012,877	1,153,373	-	463,166,250
Furniture and equipment	70,174,493	2,867,984	(614,845)	72,427,632
Subtotal	720,908,686	27,381,383	(614,845)	747,675,224
Accumulated depreciation	221,819,171	15,345,547	(588,703)	236,576,015
Total	$ 499,089,515	$ 12,035,836	$ (26,142)	$ 511,099,209

Long-Term Liabilities other than OPEB and Pensions

At June 30, 2021, the District had $478.7 million in outstanding long-term liabilities compared to $475.9 million at June 30, 2020. The net increase of $2.8 million includes an issuance of $8.8 million of debt associated with early retirement incentives that were offered during the fiscal year. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

Table 6

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 462,066,707	$ 146,845,668	$ (151,981,666)	$ 456,930,709
Other liabilities	13,794,899	9,314,311	(1,373,489)	21,735,721
Total long-term liabilities	$ 475,861,606	$ 156,159,979	$ (153,355,155)	$ 478,666,430
Amount due within one year				$ 27,616,783

OPEB and Pension Liabilities

At June 30, 2021, the District had an aggregate net other postemployment benefits (OPEB) liability of $112.5 million, versus $109.9 million last year, an increase of $2.6 million or 2.4%. The District had an aggregate net pension liability of $235.0 million, versus $218.6 million last year, an increase of $16.4 million or 7.5%.

BUDGETARY HIGHLIGHTS

Aided by the Federal American Rescue Plan and higher than expected one-time revenues, the 2021-2022 State Budget provides for an unprecedented increase in funding for community colleges, including a Cost of Living Adjustment (COLA) of 5.07%, full buy down of last year's deferrals, and new categorical allocations. In addition, the State Budget extended the hold harmless provision an additional year, through fiscal year 2024-2025. Since much of the 2021-2022 increase in funding for community colleges is one-time funds, State funding continues to be volatile.

At the time the 2021-2022 budget was developed, the following assumptions were made:

- Due to declining enrollment, the District remains under the hold harmless provision which keeps the District funded at the 2017-2018 Total Computational Revenue level plus the 2018-2019 COLA of 2.71%, the 2019-2020 COLA of 3.26%, and the 2021-2022 COLA of 5.07%. In addition, due to budget uncertainty, the District will continue to budget for a reduction in apportionment revenue by an estimated deficit factor of 2.0%.

- Non-resident tuition is estimated to increase by 42.10%. These revenues are budgeted at $2.7 million.

- The District's health and welfare benefit premium cost as of January 2022 is estimated to increase by 3.5%. The District's contribution to the California State Teachers' Retirement System (CalSTRS) will increase in 2021-2022 from 16.15% to 16.92%. The District's contribution to the California Public Employees' Retirement System (CalPERS) will increase in 2021-2022 from 20.70% to 22.91%.

- The District's unemployment insurance contribution will increase from 0.05% to 0.50% due to the increase in unemployment as a result of the pandemic. This increase will be funded with Higher Education Emergency Relief Funds (HEERF) the District received to defray expenses associated with the pandemic.

- In addition, the District will use HEERF to recover indirect costs. The District is permitted to charge its federally-negotiated indirect cost rate of 28% to certain direct costs associated with the pandemic. HEERF indirect cost recovery revenues are budgeted at $2.3 million.

- As a result of an increase in the actuarially determined Annual Required Contribution needed to fund the District's Postemployment Benefits Other Than Pensions (OPEB) liability, the District will increase the employer payroll contribution rate of 1.10% to 2.00% of total salaries.

- The District estimates 26,484 Full-Time Equivalent Students served, a 6.09% increase from prior year.

- The full-time Faculty Obligation Number (FON) for Fall 2021 was not known at the time the budget was adopted. Since the Fall 2020 report indicated the District was 33.8 faculty over its FON, the District will reduce its FON based on faculty taking the Supplemental Retirement Program.

- At the time the budget was adopted, the District did not include estimated savings from the Supplemental Retirement Program.

- The District's 2020-2021 unrestricted ending balance increased by $8.33 million. The 2020-2021 ending fund balance is $46.37 million.

- The District's 2021-2022 budget is balanced using $2.3 million in one-time funds during 2021-2022 and includes a 12.5% 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% 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.

- While the State Chancellor’s Office extended the hold harmless provision through fiscal year 2024-2025 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 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 Services, 2323 North Broadway, Santa Ana, CA 92706, (714) 480-7340.

Assets	
Cash and cash equivalents	$ 18,397,700
Investments	373,285,714
Accounts receivable	44,332,401
Student receivables	986,826
Due from fiduciary funds	17,012,737
Prepaid expenses	1,639,175
Inventories	1,205,726
Capital assets	
Nondepreciable capital assets	212,081,342
Depreciable capital assets, net of depreciation	299,017,867
Total capital assets	511,099,209
Total assets	967,959,488
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	16,370,496
Deferred outflows of resources related to OPEB	23,645,555
Deferred outflows of resources related to pensions	53,278,816
Total deferred outflows of resources	93,294,867
Liabilities	
Accounts payable	39,472,329
Accrued interest payable	3,631,855
Due to fiduciary funds	53,557,801
Unearned revenue	94,273,739
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	27,616,783
Long-term liabilities other than OPEB and pensions, due in more than one year	451,049,647
Aggregate net other postemployment benefits (OPEB) liability	112,457,078
Aggregate net pension liability	234,999,535
Total liabilities	1,017,058,767
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	34,912,279
Deferred inflows of resources related to pensions	8,062,462
Total deferred inflows of resources	42,974,741
Net Position	
Net investment in capital assets	170,566,595
Restricted for	
Debt service	29,347,439
Capital projects	96,940,834
Educational programs	4,433,338
Other activities	9,649,757
Unrestricted	(309,717,116)
Total net position	$ 1,220,847

Operating Revenues		
Tuition and fees	$	24,161,539
Less: Scholarship discounts and allowances		(11,495,451)
Net tuition and fees		12,666,088
Grants and contracts, noncapital		
Federal		22,551,785
State		138,349,349
Local		192,081
Total grants and contracts, noncapital		161,093,215
Other operating revenues		1,587,918
Total operating revenues		175,347,221
Operating Expenses		
Salaries		138,668,598
Employee benefits		81,582,515
Supplies, materials, and other operating expenses and services		128,711,937
Student financial aid		38,799,703
Equipment, maintenance, and repairs		8,582,349
Depreciation		15,345,547
Total operating expenses		411,690,649
Operating Loss		(236,343,428)
Nonoperating Revenues (Expenses)		
State apportionments, noncapital		74,240,695
Local property taxes, levied for general purposes		90,985,322
Taxes levied for other specific purposes		33,641,729
Federal and state financial aid grants		37,265,114
State taxes and other revenues		8,220,365
Investment income		3,458,242
Interest expense on capital related debt		(10,834,010)
Investment income on capital asset-related debt, net		159,192
Other nonoperating revenue		5,424,003
Total nonoperating revenues (expenses)		242,560,652
Income Before Other Revenues (Expenses)		6,217,224
Other Revenues (Losses)		
State revenues, capital		45,000
Local revenues, capital		3,713,843
Loss on disposal of capital assets		(26,142)
Total other revenues (losses)		3,732,701
Change In Net Position		9,949,925
Net Position, Beginning of Year, as Restated		(8,729,078)
Net Position, End of Year	$	1,220,847

Cash Flows from Operating Activities	
Tuition and fees	$ 12,112,452
Federal, state, and local grants and contracts, noncapital	143,102,556
Auxiliary sales	1,587,918
Payments to or on behalf of employees	(202,132,836)
Payments to vendors for supplies and services	(141,873,510)
Payments to students for scholarships and grants	(38,799,703)
Net cash flows from operating activities	(226,003,123)
Cash Flows from Noncapital Financing Activities	
State apportionments	68,732,333
Federal and state financial aid grants	37,265,114
Property taxes - nondebt related	90,985,322
State taxes and other apportionments	17,967,659
Other nonoperating	39,570,343
Net cash flows from noncapital financing activities	254,520,771
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(28,165,759)
Proceeds from capital debt	142,815,000
State revenue, capital projects	45,000
Local revenue, capital projects	3,713,843
Property taxes - related to capital debt	33,641,729
Principal paid on capital debt	(146,565,000)
Interest paid on capital debt	(29,815,030)
Interest received on capital asset-related debt	159,192
Net cash flows from capital financing activities	(24,171,025)
Cash Flows from Investing Activities	
Interest received from investments	3,736,098
Change In Cash and Cash Equivalents	8,082,721
Cash and Cash Equivalents, Beginning of Year, as Restated	383,600,693
Cash and Cash Equivalents, End of Year	$ 391,683,414

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (236,343,428)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	15,345,547
Changes in assets, deferred outflows of resources, liabilities, and Deferred Inflows of Resources	
Accounts receivable	(5,368,927)
Student receivables	(144,173)
Inventories	881,215
Prepaid expenses	(431,371)
Deferred outflows of resources related to OPEB	(4,415,526)
Deferred outflows of resources related to pensions	5,228,633
Accounts payable	(4,379,774)
Unearned revenue	(13,031,195)
Compensated absences	487,906
Load banking	(212,879)
Early retirement incentive	7,665,795
Aggregate net OPEB liability	2,520,028
Aggregate net pension liability	16,446,661
Deferred inflows of resources related to OPEB	(4,827,523)
Deferred inflows of resources related to pensions	(5,424,112)
Total adjustments	10,340,305
Net cash flows from operating activities	$ (226,003,123)
Cash and Cash Equivalents Consist of the Following	
Cash in banks	$ 18,262,700
Cash with fiscal agent	135,000
Cash in county treasury	373,285,714
Total cash and cash equivalents	$ 391,683,414
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 1,815,133
Amortization of debt premiums	$ 5,416,666
Accretion of interest on capital appreciation bonds	$ 4,030,668

	Retiree OPEB Trust	Custodial Funds
Assets		
Investments	$ 56,882,719	$ -
Accounts receivable	-	2,600,000
Due from primary government	-	53,557,801
Total assets	56,882,719	56,157,801
Liabilities		
Accounts payable	-	8,004,067
Due to primary government	-	17,012,737
Total liabilities	-	25,016,804
Net Position		
Restricted for postemployment benefits other than pensions	56,882,719	-
Restricted for other local governments	-	31,140,997
Total net position	$ 56,882,719	$ 31,140,997

	Retiree OPEB Trust	Custodial Funds
Additions		
State revenues	$ -	$ 56,124,361
District contributions	13,589,900	-
Interest and investment income, net of fees	10,854,240	-
Local revenues	-	35,795
Total additions	24,444,140	56,160,156
Deductions		
Services and operating expenditures	-	689,070
Payments to other local governments	-	24,330,089
Benefit payments	9,599,379	-
Administrative expenses	113,180	-
Total deductions	9,712,559	25,019,159
Change in Net Position	14,731,581	31,140,997
Net Position - Beginning of Year, as Restated	42,151,138	-
Net Position - End of Year	$ 56,882,719	$ 31,140,997

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 colleges 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, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District has identified no component units.

Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term 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 are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

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

Accounts Receivable

Accounts receivable include amounts due from the federal, state and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. 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, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at 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.

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

Compensated Absences and Load Banking

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 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for OPEB and pension 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 and miscellaneous risk plan (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 recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The 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 is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, early retirement incentives, 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 its 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 $140,371,368 of restricted net position, and the fiduciary funds financial statements report $88,023,716 of restricted net position.

Operating and Nonoperating 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. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as 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, and other revenue sources defined by GASB.

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.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance 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, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government 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.

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

Change in Accounting Principles

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

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The provisions of this Statement have been implemented as of June 30, 2021.

New Accounting Pronouncements

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

The requirements for 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.

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 - The District deposits substantially all receipts and collections of monies with their County Treasurer. 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 as of June 30, 2021, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 18,129,900	$ -
Cash in revolving	132,800	-
Cash with fiscal agent	135,000	-
Investments	373,285,714	56,882,719
Total deposits and investments	$ 391,683,414	$ 56,882,719

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the Orange County Investment Pool and LAIF.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in LAIF is not required to be rated, nor has it been rated as of June 30, 2021.

Information about the sensitivity of the fair values of the District's investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District's investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	$ 56,882,719	N/A	Not rated
County investment pool	373,122,933	375	AAAm
State investment pool	162,781	291	Not rated
Total	$ 430,168,433		

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does 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. The California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of $15,942,510 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.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, the District's investment balance of $56,382,719 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District manages these investments according to the Board authorized irrevocable trust for OPEB.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Mutual funds	$ 56,882,719	$ 56,882,719	$ -
State investment pool	162,781	-	162,781
Total	$ 57,045,500	$ 56,882,719	$ 162,781

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

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2021 consisted of the following:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 6,058,912	$ -
State Government		
Apportionment	8,802,892	-
Categorical aid	19,392,972	-
Lottery	1,682,935	-
Other state sources	-	2,600,000
Local Sources		
Property taxes	2,964,198	-
Interest	117,059	-
Other local sources	5,313,433	-
Total	$ 44,332,401	$ 2,600,000
Student receivables	$ 986,826	

Note 6 - Capital Assets

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

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Capital Assets Not Being Depreciated				
Land	$ 89,964,360	$ -	$ -	$ 89,964,360
Construction in progress	98,756,956	23,360,026	-	122,116,982
Total capital assets not being depreciated	188,721,316	23,360,026	-	212,081,342
Capital Assets Being Depreciated				
Site improvements	85,522,456	52,442	-	85,574,898
Buildings and improvements	376,490,421	1,100,931	-	377,591,352
Furniture and equipment	70,174,493	2,867,984	(614,845)	72,427,632
Total capital assets being depreciated	532,187,370	4,021,357	(614,845)	535,593,882
Total capital assets	720,908,686	27,381,383	(614,845)	747,675,224
Less Accumulated Depreciation				
Site improvements	63,743,619	5,373,435	-	69,117,054
Buildings and improvements	94,934,879	7,700,132	-	102,635,011
Furniture and equipment	63,140,673	2,271,980	(588,703)	64,823,950
Total accumulated depreciation	221,819,171	15,345,547	(588,703)	236,576,015
Net capital assets	$ 499,089,515	$ 12,035,836	$ (26,142)	$ 511,099,209

Note 7 - 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 ended June 30, 2021 consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	$ 433,110,812	$ 146,845,668	$ (146,565,000)	$ 433,391,480	$ 25,285,000
Bond premium	28,955,895	-	(5,416,666)	23,539,229	-
Compensated absences	7,656,609	487,906	-	8,144,515	566,502
Load banking	5,738,290	-	(212,879)	5,525,411	-
Early retirement incentive	-	8,826,405	(1,160,610)	7,665,795	1,765,281
Claims liability	400,000	-	-	400,000	-
Total	$ 475,861,606	$ 156,159,979	$ (153,355,155)	$ 478,666,430	$ 27,616,783

Description of Long-Term Liabilities

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 early retirement incentive will be paid out of the General Fund. The Internal Service fund makes payments for the claims liability.

General Obligation Bonds

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.

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.

General Obligation Refunding Bonds, 2020 Series A-1 and A-2

On September 2, 2020, the District issued $94,490,000 and $48,325,000 in 2020 General Obligation Refunding Bonds, Series A-1 and A-2, respectively. Interest rates range from 0.235% to 2.040% payable semi-annually on March 1 and September 1 for the A-1 Bonds and February 1 and August 1 for the A-2 Bonds. The Bonds mature though August 1, 2035. The net proceeds from the issuance provided for the partial refunding of the District's outstanding 2012 General Obligation Refunding Bonds, 2013 General Obligation Refunding Bonds, and 2012 Election General Obligation Bonds, Series 2014A. The cash flow savings for Series A-1 Bonds is $6,836,218 discounted at 0.83%. The cash flow savings for the Series A-2 Bonds is $10,757,624 discounted at 1.57%.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
2/23/2005	9/1/2029	3.00-5.13%	$ 119,999,867	$ 45,041,287	$ -	$ 419,374	$ (1,385,000)	$ 44,075,661
9/21/2006	9/1/2031	3.38-5.00%	120,874,329	76,249,525		3,611,294	-	79,860,819
8/4/2005	9/1/2023	3.57-5.25%	53,559,299	21,305,000	-	-	(6,515,000)	14,790,000
11/30/2011	9/1/2022	2.00-5.00%	10,300,000	4,670,000	-	-	-	4,670,000
3/1/2012	9/1/2022	4.00%	62,985,000	50,605,000		-	(41,730,000)	8,875,000
1/17/2013	9/1/2023	4.00%	79,130,000	69,220,000	-	-	(49,965,000)	19,255,000
10/16/2014	8/1/2034	3.00-5.00%	70,585,000	50,530,000	-	-	(41,190,000)	9,340,000
12/28/2017	8/1/2041	2.00-5.00%	70,600,000	58,675,000		-	(5,080,000)	53,595,000
8/21/2019	8/1/2039	1.25-4.00%	56,815,000	56,815,000	-	-	(700,000)	56,115,000
9/2/2020	9/1/2027	0.235-1.106%	94,490,000	-	94,490,000	-	-	94,490,000
9/2/2020	8/1/2035	0.255-2.040%	48,325,000	-	48,325,000	-	-	48,325,000
				$ 433,110,812	$ 142,815,000	$ 4,030,668	$ (146,565,000)	$ 433,391,480

The Bonds mature through 2042 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2022	$ 25,248,723	$ 36,277	$ 9,202,596	$ 34,487,596
2023	26,072,249	117,751	8,251,421	34,441,421
2024	28,298,218	211,782	7,367,143	35,877,143
2025	30,423,949	701,051	6,827,912	37,952,912
2026	32,243,500	436,500	6,522,549	39,202,549
2027-2031	172,714,563	27,075,437	24,031,896	223,821,896
2032-2036	75,620,278	12,309,722	11,327,498	99,257,498
2037-2041	37,840,000	-	4,136,675	41,976,675
2042	4,930,000	-	98,600	5,028,600
Total	$ 433,391,480	$ 40,888,520	$ 77,766,290	$ 552,046,290

Early Retirement Incentive

The District has entered into various agreements with the Public Agency Retirement Services (PARS) to provide certain benefits to employees participating in early retirement incentive programs. The District will pay $7,665,795 on behalf of the retirees through 2026 in accordance with the following schedule:

Year Ending June 30,	
2022	$ 1,765,281
2023	1,765,281
2024	1,765,281
2025	1,765,281
2026	604,671
Total	$ 7,665,795

Note 8 - Net Other Postemployment Benefit (OPEB) Liability

For the year ended June 30, 2021, the District reported an aggregate 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	$ 111,497,744	$ 23,645,555	$ 34,912,279	$ (6,831,340)
Medicare Premium Payment (MPP) Program	959,334	-	-	108,319
Total	$ 112,457,078	$ 23,645,555	$ 34,912,279	$ (6,723,021)

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).

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
Total	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. The benefit payment is 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, 2020, the District contributed $8,813,301 to the Plan, all of which was used for current premiums.

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, 2020:

Asset Class	Target Allocation
Domestic Equity	53.0%
International Equity	10.0%
Real Estate	8.0%
Domestic Bonds	12.0%
Intermediate Term Credit	7.2%
Short-Term Credit	4.8%
Fixed Income	5.0%

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense was 5.07%. 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 $111,497,744 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 153,648,882
Plan fiduciary net position	(42,151,138)
Net OPEB liability	$ 111,497,744
Plan fiduciary net position as a percentage of the total OPEB liability	27.43%

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per annum
Salary increases	3.00%, average, including inflation
Discount rate	6.50% per annum
Investment rate of return	6.50%, net of OPEB plan investment expense
Healthcare cost trend rates	6.50% for 2020, decreasing to an ultimate rate of 4.5%

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 2017 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, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.9%
International Equity	9.4%
Real Estate	5.4%
Domestic Bonds	1.7%
Intermediate Term Credit	2.4%
Short-Term Credit	2.4%
Fixed Income	1.4%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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 liability.

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, 2019	$ 149,205,110	$ 40,119,075	$ 109,086,035
Service cost	2,985,039	-	2,985,039
Interest	9,610,437	-	9,610,437
Difference between expected and actual experience	661,597	-	661,597
Contributions - employer	-	8,813,301	(8,813,301)
Expected investment income	-	2,105,695	(2,105,695)
Benefit payments	(8,813,301)	(8,813,301)	-
Administrative expense	-	(73,632)	73,632
Net change in total OPEB liability	4,443,772	2,032,063	2,411,709
Balance, June 30, 2020	$ 153,648,882	$ 42,151,138	$ 111,497,744

There were no changes in benefit terms or assumptions 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%)	$ 126,166,249
Current discount rate (6.50%)	111,497,744
1% increase (7.50%)	98,695,126

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 an ultimate rate of 3.50%)	$ 96,131,858
Current healthcare cost trend rate (6.50% decreasing to an ultimate rate of 4.50%)	111,497,744
1% increase (7.50% decreasing to an ultimate rate of 5.50%)	129,415,225

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 13,589,900	$ -
Differences between expected and actual experience	567,083	8,287,513
Changes of assumptions	9,488,572	25,528,738
Net difference between projected and actual earnings on OPEB plan investments	-	1,096,028
Total	$ 23,645,555	$ 34,912,279

The deferred outflows of resources related to OPEB resulting from the District’s contributions and benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB 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 OPEB expense. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7 years. The deferred outflows/(inflows) will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (4,252,092)
2023	(4,252,092)
2024	(4,252,092)
2025	(4,020,000)
2026	(3,920,068)
Thereafter	(4,160,280)
Total	$ (24,856,624)

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, 2019 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, 2021, the District reported a liability of $959,334 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, was 0.2264% and 0.2285%, respectively, resulting in a net decrease in the proportionate share of 0.0021%.

For the year ended June 30, 2021, the District recognized OPEB expense of $108,319.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, 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% of the ultimate improvement factor from the Mortality Improvement Scale (MP 2019) 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 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020, 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, 2020, is 2.21%. 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 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	$ 1,060,821
Current discount rate (2.21%)	959,334
1% increase (3.21%)	872,993

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 rate, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that are one percent lower or higher than the current rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 869,869
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	959,334
1% increase (5.5% Part A and 6.4% Part B)	1,062,345

Note 9 - 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% 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, 2019 to June 30, 2021:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2019	$ 400,000	$ -	$ 400,000
Claims and changes in estimates	287,511	79,947	367,458
Claims payments	(287,511)	(79,947)	(367,458)
Liability Balance, June 30, 2020	400,000	-	400,000
Claims and changes in estimates	345,447	98,206	443,653
Claims payments	(345,447)	(98,206)	(443,653)
Liability Balance, June 30, 2021	$ 400,000	$ -	$ 400,000
Assets available to pay claims at June 30, 2021	$ 4,292,448	$ 5,941,960	$ 10,234,408

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 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 10 - 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, 2021, the District reported its proportionate share of the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 125,901,477	$ 32,662,948	$ 6,836,650	$ 16,225,936
CalPERS - SEP	108,537,434	20,413,243	1,179,090	22,701,978
CalPERS - Misc. Plan	560,624	202,625	46,722	115,328
Total	$ 234,999,535	$ 53,278,816	$ 8,062,462	$ 39,043,242

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: 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% 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 Defined Benefit Program provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
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 are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were $12,205,467.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 125,901,477
State's proportionate share of net pension liability associated with the District	64,902,227
Total	$ 190,803,704

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.1299% and 0.1292%, respectively, resulting in a net increase in the proportionate share of 0.0007%.

For the year ended June 30, 2021, the District recognized pension expense of $16,225,936. In addition, the District recognized pension expense and revenue of $9,092,165 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,205,467	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,967,452	3,286,013
Differences between projected and actual earnings on pension plan investments	2,990,694	-
Differences between expected and actual experience in the measurement of the total pension liability	222,158	3,550,637
Changes of assumptions	12,277,177	-
Total	$ 32,662,948	$ 6,836,650

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
2022	$ (1,824,904)
2023	1,018,984
2024	2,032,987
2025	1,763,627
Total	$ 2,990,694

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
2022	$ 2,537,452
2023	3,016,782
2024	4,100,698
2025	227,032
2026	578,048
Thereafter	170,125
Total	$ 10,630,137

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 190,219,595
Current discount rate (7.10%)	125,901,477
1% increase (8.10%)	72,797,814

California Public Employees' Retirement System (CalPERS) – SEP

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/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 School Employer Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were $10,377,072.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $108,537,434. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.3537% and 0.3475%, respectively, resulting in a net increase in the proportionate share of 0.0062%.

For the year ended June 30, 2021, the District recognized pension expense of $22,701,978. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,377,072	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,995,632	1,179,090
Differences between projected and actual earnings on pension plan investments	2,259,405	-
Differences between expected and actual experience in the measurement of the total pension liability	5,383,123	-
Changes of assumptions	398,011	-
Total	$ 20,413,243	$ 1,179,090

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
2022	$ (845,515)
2023	754,170
2024	1,310,872
2025	1,039,878
Total	$ 2,259,405

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
2022	$ 4,246,313
2023	2,128,495
2024	221,868
2025	1,000
Total	$ 6,597,676

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% 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%. 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%)	$ 156,042,355
Current discount rate (7.15%)	108,537,434
1% increase (8.15%)	69,110,735

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

Plan Description

Qualified employees are eligible to participate in the Miscellaneous Risk Pool 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, 2019, 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 Miscellaneous Risk Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required unfunded liability payment to CalPERS	$ 82,900	$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions for CalPERS was $82,900.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS Miscellaneous Risk Pool net pension liability $560,624. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0133% and 0.0140%, respectively, resulting in a net decrease in the proportionate share of 0.0007%.

For the year ended June 30, 2021, the District recognized pension expense of $115,328 for CalPERS Miscellaneous Risk Pool. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 82,900	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	53,242	21,785
Differences between projected and actual earnings on pension plan investments	37,592	20,938
Differences between expected and actual experience in the measurement of the total pension liability	28,891	-
Changes of assumptions	-	3,999
Total	$ 202,625	$ 46,722

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
2022	$ (6,565)
2023	5,363
2024	9,869
2025	7,987
Total	$ 16,654

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
2022	$ 20,793
2023	18,574
2024	16,982
Total	$ 56,349

Actuarial Methods and Assumptions

Total pension liability for the Miscellaneous Risk Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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%. 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 Miscellaneous Risk 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%)	$ 895,271
Current discount rate (7.15%)	560,624
1% increase (8.15%)	284,116

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan and Miscellaneous Risk Pool plan fiduciary net positions are 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, 2021, which amounted to $7,345,006 (10.328%) of salaries subject to CalSTRS. 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. No contributions were made for CalPERS for the year ended June 30, 2021. 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.

Note 11 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Construction Commitments

As of June 30, 2021, the District had approximately $42.1 million in commitments with respect to unfinished capital projects.

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

Note 12 - Restatement of Prior Year Net Position

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

Primary Government	
Net Position - Beginning	$ (15,402,649)
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	6,673,571
Net Position - Beginning, as Restated	$ (8,729,078)

Fiduciary Funds	
Net Position - Beginning	$ 46,787,407
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(4,636,269)
Net Position - Beginning, as Restated	$ 42,151,138

Required Supplementary Information
June 30, 2021

Rancho Santiago Community College District

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 2,985,039	$ 7,981,036	$ 7,767,432	$ 7,559,545
Interest	9,610,437	8,993,120	10,522,057	5,660,197
Difference between expected and actual experience	661,597	(11,602,517)	-	-
Changes of assumptions	-	13,284,002	(38,293,105)	-
Benefit payments	(8,813,301)	(8,434,870)	(8,290,199)	(7,971,345)
Net change in total OPEB liability	4,443,772	10,220,771	(28,293,815)	5,248,397
Total OPEB Liability - Beginning	149,205,110	138,984,339	167,278,154	162,029,757
Total OPEB Liability - Ending (a)	$ 153,648,882	$ 149,205,110	$ 138,984,339	$ 167,278,154
Plan Fiduciary Net Position				
Contributions - employer	$ 8,813,301	$ 48,434,870	$ 8,290,199	$ 7,971,345
Net investment income	2,105,695	119,075	-	-
Benefit payments	(8,813,301)	(8,434,870)	(8,290,199)	(7,971,345)
Administrative expense	(73,632)	-	-	-
Net change in plan fiduciary net position	2,032,063	40,119,075	-	-
Plan Fiduciary Net Position - Beginning	40,119,075	-	-	-
Plan Fiduciary Net Position - Ending (b)	$ 42,151,138	$ 40,119,075	$ -	$ -
Net OPEB Liability - Ending (a) - (b)	$ 111,497,744	$ 109,086,035	$ 138,984,339	$ 167,278,154
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	27.43%	26.89%	0.00%	0.00%
Covered Payroll	$ 105,994,431	$ 102,907,215	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	105.19%	106.00%	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] The District's OPEB Plan is administered through a trust, however, contributions are 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.

	2021	2020
Actuarially determined contribution	$ 10,224,861	$ 12,698,406
Contribution in relation to the actuarially determined contribution	8,813,301	48,434,870
Contribution deficiency (excess)	$ 1,411,560	$ (35,736,464)
Covered payroll	105,994,431	102,907,215
Contributions as a percentage of covered payroll	8.31%	47.07%

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

	2021	2020
Annual money-weighted rate of return, net of investment expense	5.07%	0.30%

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2264%	0.2285%	0.2227%	0.2292%
Proportionate share of the net OPEB liability	$ 959,334	$ 851,015	$ 852,269	$ 964,112
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	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.

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.1299%	0.1292%	0.1241%	0.1266%
Proportionate share of the net pension liability	$ 125,901,477	$ 116,671,499	$ 114,011,608	$ 117,449,600
State's proportionate share of the net pension liability associated with the District	64,902,227	63,652,092	65,276,978	69,482,757
Total	$ 190,803,704	$ 180,323,591	$ 179,288,586	$ 186,932,357
Covered payroll	$ 77,188,719	$ 75,802,082	$ 71,577,651	$ 68,831,638
Proportionate share of the net pension liability as a percentage of its covered payroll	163.11%	153.92%	159.28%	170.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS - SEP				
Proportion of the net pension liability	0.3537%	0.3475%	0.3309%	0.3292%
Proportionate share of the net pension liability	$ 108,537,434	$ 101,278,658	$ 88,231,274	$ 78,588,729
Covered payroll	$ 51,078,125	$ 48,579,637	$ 43,613,412	$ 41,959,850
Proportionate share of the net pension liability as a percentage of its covered payroll	212.49%	208.48%	202.30%	187.30%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS - Misc.				
Proportion of the net pension liability	0.0133%	0.0140%	0.0155%	0.0150%
Proportionate share of the net pension liability	$ 560,624	$ 602,717	$ 582,930	$ 589,281
Covered payroll*	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	78%	75%	78%	75%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

* This plan has no active members and , therefore, no covered payroll.

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.1280%	0.1367%	0.1355%
Proportionate share of the net pension liability	$ 103,527,680	$ 92,009,654	$ 79,176,119
State's proportionate share of the net pension liability associated with the District	58,945,139	48,662,964	47,809,959
Total	$ 162,472,819	$ 140,672,618	$ 126,986,078
Covered payroll	$ 66,264,977	$ 63,390,631	$ 60,347,491
Proportionate share of the net pension liability as a percentage of its covered payroll	156.23%	145.15%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - SEP			
Proportion of the net pension liability	0.3293%	0.3469%	0.3555%
Proportionate share of the net pension liability	$ 65,036,954	$ 51,129,735	$ 40,363,347
Covered payroll	$ 39,539,715	$ 38,369,484	$ 37,323,667
Proportionate share of the net pension liability as a percentage of its covered payroll	164.49%	133.26%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Misc.			
Proportion of the net pension liability	0.0131%	0.0110%	0.0064%
Proportionate share of the net pension liability	$ 521,364	$ 405,612	$ 397,446
Covered payroll*	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	80%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

* This plan has no active members and , therefore, no covered payroll.

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

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	$ 12,205,467	$ 13,199,271	$ 12,340,579	$ 10,328,655
Contributions in relation to the contractually required contribution	(12,205,467)	(13,199,271)	(12,340,579)	(10,328,655)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 75,575,647	$ 77,188,719	$ 75,802,082	$ 71,577,651
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%
CalPERS - SEP				
Contractually required contribution	$ 10,377,072	$ 10,073,117	$ 8,774,454	$ 6,773,599
Contributions in relation to the contractually required contribution	(10,377,072)	(10,073,117)	(8,774,454)	(6,773,599)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 50,130,783	$ 51,078,125	$ 48,579,637	$ 43,613,412
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%
CalPERS - Misc.				
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll*	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

* This plan has no active members and, therefore, no covered payroll.

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 8,659,020	$ 7,110,232	$ 5,629,088
Contributions in relation to the contractually required contribution	(8,659,020)	(7,110,232)	(5,629,088)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 68,831,638	$ 66,264,977	$ 63,390,631
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS - SEP			
Contractually required contribution	$ 5,827,384	$ 4,684,270	$ 4,516,472
Contributions in relation to the contractually required contribution	(5,827,384)	(4,684,270)	(4,516,472)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 41,959,850	$ 39,539,715	$ 38,369,484
Contributions as a percentage of covered payroll	13.888%	11.847%	11.771%
CalPERS - Misc.			
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll*	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A

* This plan has no active members and, therefore, no covered 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* – There were no changes of assumptions 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, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	25 years
Asset valuation method	Market value basis
Inflation	2.50%
Health care cost trend rates	6.50% initial, decreasing to an ultimate rate of 4.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.50%, 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 3.50% to 2.21% 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 either CalSTRS or CalPERS.
- *Changes of Assumptions* **-** There were no changes in economic assumptions since the previous valuation for either CalSTRS or CalPERS.

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, 2021

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 as of June 30, 2021

Member	Office	Term Expires
Phillip E. Yarbrough	President	2022
Tina Arias Miller, Ed.D.	Vice President	2024
David Crockett	Clerk	2024
John R. Hanna	Member	2022
Zeke Hernandez	Member	2024
Lawrence "Larry" R. Labrado	Member	2022
Sal Tinajero	Member	2024
Elisabeth Neely	Student Trustee	2022

Administration as of June 30, 2021

Marvin Martinez	Chancellor
Marilyn Flores, PhD.	Interim President of Santa Ana College
Jose Vargas	Interim President of Santiago Canyon College
Tracie Green	Vice Chancellor, Human Resources
Enrique Perez, J.D.	Vice Chancellor, Educational Services
Adam O'Connor, CPA	Interim Vice Chancellor, Business Operations and Fiscal Services

Auxiliary Organizations in Good Standing

Rancho Santiago Community College District Foundation, established 1998
Master Agreement signed 2016, updated 2021
Enrique Perez, Executive Director

Santa Ana College Foundation, established 1968
Master Agreement signed 2019, updated 2021
Christina Romero, Executive Director

Santiago Canyon Foundation, established 1998
Master Agreement signed 1998, updated 2021
Syed Rizvi, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Numbner	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 19,153,991
Federal Pell Grant Program Administrative Allowance	84.063		25,738
Federal Direct Student Loans	84.268		1,118,582
Federal Supplemental Educational Opportunity Grants	84.007		874,005
FSEOG Administrative Allowance	84.007		2,018
Federal Work-Study Program	84.033		186,545
Subtotal Student Financial Assistance Cluster			21,360,879
TRIO Cluster			
TRIO Student Support Services	84.042A		927,852
TRIO Talent Search	84.044A		418,831
TRIO Upward Bound	84.047A		309,009
TRIO Upward Bound - Math & Science	84.047M		271,746
TRIO Upward Bound - Veterans	84.047V		262,523
Subtotal TRIO Cluster			2,189,961
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		6,380,306
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		11,076,306
COVID-19: CARES Act Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		721,808
Subtotal			18,178,420
Migrant Education - College Assistance Program	84.149A		377,132
Child Care Access Means Parents in School (CCAMPIS)	84.335A		17,858
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	20-C01-870	1,049,912
Title I, CTEA Transitions	84.048A	20-C01-870	111
LAOC Regional Consortium (Title I, Part B)	84.048A	20-150-003	369,999
Subtotal			1,420,022
Passed through California Department of Education			
Adult Education: Adult Secondary Education	84.002	13978	253,518
Adult Education: Adult Basic Education & ELA	84.002A	14508	1,524,152
Adult Education: English Literacy & Civics Education	84.002A	14109	603,347
Adult Education: Institutionalized Adults	84.002	13971	234,712
Subtotal			2,615,729
Total U.S. Department of Education			46,160,001

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Numbner	Pass-Through Entity Identifying Number	Federal Expenditures
Research and Development Cluster			
National Science Foundation			
Passed through California State University Fullerton Auxiliary Services Corporation			
Transitioning Math Majors into Teaching	47.076	S-6668-SAC	$ 13,466
Passed through South Orange County Community College District			
NSF - STEM Core Expansion	47.041	AW00110/G1286	6,771
U.S. Department of Education			
Passed through California State University Fullerton Auxiliary Services Corporation			
RAISE: Regional Alliance in STEM Education	84.031C	SC 3376	40,373
Subtotal Research and Development Cluster			60,610
U.S. Department of Health and Human Services			
Head Start Cluster			
Early Head Start	93.600		1,929,687
COVID-19: Early Head Start	93.600		92,608
Subtotal Head Start Cluster			2,022,295
Passed through The Foundation for California Community Colleges			
Youth Empowerment Strategies for Success (YESS)	93.674	00002439	13,854
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	102,389
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	168,924
Child Care and Development Block Grant	93.575	15136	77,654
Passed through Yosemite Community College District, Child Development Training Consortium			
Child Care and Development Block Grant	93.575	19-20-2885	3,450
Subtotal CCDF Cluster			250,028
Total U.S. Department of Health and Human Services			2,388,566

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Numbner	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Small Business Administraition			
Passed through California State University Fullerton Auxiliary Services Corporation			
Small Business Development Centers	59.037	S-7308-RSCCD	$ 251,580
COVID-19: Small Business Development Centers	59.037	S-7448-RSCCD	71,303
Total U.S. Small Business Administraition			322,883
U.S. Department of The Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus Relief Fund	21.019		1,267,136
Total U.S. Department of The Treasury			1,267,136
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04369-CACFP-30-CC-CS	27,009
Total U.S. Department of Agriculture			27,009
Total Federal Financial Assistance			$ 50,226,205

	Program Revenues				
Program	Cash Received	Accounts Receivable	Unearned Revenue/ Accounts Payable	Total Revenue	Program Expenditures
AB 1725 - Faculty & Staff Diversity	$ 89,631	-	$ 67,329	$ 22,302	$ 22,302
AB77 Handicapped (DSPS)	1,856,671	-	99,745	1,756,926	1,756,926
Adult Education Block Grant	4,961,113	-	1,523,766	3,437,347	3,437,347
Board Financial Assistance Program - SFA Admin (BFAP-SFAA)	1,059,751	-	22,193	1,037,558	1,037,558
CAL Grants	3,258,507	1,031	-	3,259,538	3,259,538
CalFresh Outreach (AB 85)	51,268	-	51,268	-	-
California College Promise	3,171,035	-	911,685	2,259,350	2,259,350
California Education Learning Lab (CELL)	1,016,315	7,295	345,733	677,877	677,877
CalWORKs	598,291	-	25,358	572,933	572,933
Campus Safety and Sexual Assault	49,608	-	33,465	16,143	16,143
CDS C-B Reserve	181,145	-	181,145	-	-
Certified Nurse Assistant Program	14,232	-	-	14,232	14,232
Child and Adult Care Food Program	84	2,297	-	2,381	2,381
Child Dev Center - CSPP - Tax Bailout	262,059	-	-	262,059	262,059
Child Development: California State Preschool Program	3,215,190	74,804	-	3,289,994	3,289,994
Child Development: General Child Care & Development	1,344,011	-	20,993	1,323,018	1,323,018
College Textbook Affordability	49	-	-	49	49
Community College Clean Transportation Training Project	43,694	120,989	-	164,683	164,683
Cooperative Agencies Resources for Education (CARE)	177,275	-	25,591	151,684	151,684
COVID-19 Response Block Grant	1,555,426	-	1,316,994	238,432	238,432
CSUF/SBDC GO-Biz CIP	18,339	40,645	-	58,984	58,984
CSUF/SBDC GO-Biz TAEP	108,371	10,227	-	118,598	118,598
CTE SWP - Local Share	8,904,028	-	5,329,824	3,574,204	3,574,204
CTE SWP - Regional Share	67,533,576	-	40,189,839	27,343,737	27,343,737
Disaster Relief Emergency SFAA	260,055	-	31,403	228,652	228,652
Dream Resource Liaison Support	119,022	-	119,022	-	-
Early Action Emergency Financial Aid (AB 85)	2,020,598	-	327,623	1,692,975	1,692,975
Econ Dev DSN - Retail Hospitality Boot Camp	48,075	-	48,075	-	-
EWD Key Talent Admin & FA	819,576	1,828,576	17,506	2,630,646	2,630,646
Extended Opportunities Program and Services (EOPS)	2,607,986	-	145,717	2,462,269	2,462,269

See Notes to Supplementary Information

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue/ Accounts Payable	Total Revenue	Program Expenditures
Family PACT	$ 6,653	$ -	$ -	$ 6,653	$ 10,962
Financial Aid Technology	512,299	-	360,375	151,924	151,924
Guided Pathways	1,137,574	-	709,979	427,595	427,595
Hunger Free Campus	255,220	-	187,575	67,645	67,645
ICT - Digital Media Statewide Director	240,000	28,071	-	268,071	268,071
Improving Online CTE Pathways	145,080	-	4,518	140,562	140,922
Incarcerated Students Re-entry Program	152,105	-	61,577	90,528	90,528
Innovation & Effectiveness	131,360	-	-	131,360	131,360
Instructional Equipment	-	-	-	-	48,379
Mental Health Support	53,564	-	464	53,100	53,100
MESA CCCP	-	74,127	-	74,127	74,127
Nursing Program Support	207,282	-	-	207,282	207,282
Puente Project	4,512	-	4,512	-	-
QRIS Block Grant	509,851	-	501,919	7,932	7,932
Retention & Enrollment Outreach (AB 85)	403,581	-	403,581	-	-
Santa Ana Middle College High School	61,555	-	-	61,555	61,555
Sector Navigator - RHT	87,170	-	-	87,170	87,170
Song Brown Act	120,023	51,697	-	171,720	171,720
Staff Development - One time	121,290	-	121,290	-	-
Statewide Director - RHTLE	240,000	-	36,637	203,363	203,363
Student Equity and Achievement (SEAP)	3,366,614	10,014,164	-	13,380,778	13,380,778
Student Success Completion Grant (SSCG)	3,821,388	-	1,099,800	2,721,588	2,721,588
SWP K12 & K14 TAP	3,600,000	7,108,645	2,400,000	8,308,645	8,308,645
SWP K12 & K14 TAP - Fiscal Agent	2,167,794	-	-	2,167,794	2,167,794
SWP K12 Pathway Improvement	74,257,964	-	24,542,878	49,715,086	49,715,086
Telecommunication Technology Infrastructure (TTIP)	3,674	-	2,599	1,075	1,075
Textbook Affordability	110	-	-	110	110
Veteran Resource Center - One-time Fund	77,917	-	77,917	-	-
VRC Grant Program	42,930	30,404	-	73,334	73,334
VRC Ongoing Funding	368,162	-	311,507	56,655	56,655
Total state programs	$ 197,440,653	$ 19,392,972	$ 81,661,402	$ 135,172,223	$ 135,225,271

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit*	1,011.77	-	1,011.77
2. Credit	1,902.24	-	1,902.24
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit*	33.28	-	33.28
2. Credit	30.89	-	30.89
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,616.62	-	7,616.62
(b) Daily Census Contact Hours	361.10	-	361.10
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	2,776.95	-	2,776.95
(b) Credit	2,304.84	-	2,304.84
3. Alternative Accounting Procedures Census			
(a) Weekly Census Contact Hours	3,479.20	-	3,479.20
(b) Daily Census Contact Hours	3,134.87	-	3,134.87
(c) Noncredit Independent Study/Distance Education Courses	2,681.98	-	2,681.98
D. Total FTES	25,333.74	-	25,333.74
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,554.70	-	1,554.70
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	3,035.00	-	3,035.00
2. Credit	30.59	-	30.59
CCFS-320 Addendum			
CDCP Noncredit FTES	5,341.22	-	5,341.22
Centers FTES			
1. Noncredit*	6,503.98	-	6,503.98

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of November 1, 2021.

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 30,094,025	$ -	$ 30,094,025	$ 30,094,025	$ -	$ 30,094,025
Other	1300	26,698,779	-	26,698,779	26,698,779	-	26,698,779
Total Instructional Salaries		56,792,804	-	56,792,804	56,792,804	-	56,792,804
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	13,428,119	-	13,428,119
Other	1400	-	-	-	2,237,036	-	2,237,036
Total Noninstructional Salaries		-	-	-	15,665,155	-	15,665,155
Total Academic Salaries		56,792,804	-	56,792,804	72,457,959	-	72,457,959
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	27,760,563	-	27,760,563
Other	2300	-	-	-	1,109,111	-	1,109,111
Total Noninstructional Salaries		-	-	-	28,869,674	-	28,869,674
Instructional Aides							
Regular Status	2200	497,852	-	497,852	497,852	-	497,852
Other	2400	1,533,516	-	1,533,516	1,533,516	-	1,533,516
Total Instructional Aides		2,031,368	-	2,031,368	2,031,368	-	2,031,368
Total Classified Salaries		2,031,368	-	2,031,368	30,901,042	-	30,901,042
Employee Benefits	3000	27,602,916	-	27,602,916	56,511,818	-	56,511,818
Supplies and Material	4000	-	-	-	624,975	-	624,975
Other Operating Expenses	5000	5,407,045	-	5,407,045	16,737,842	-	16,737,842
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures		91,834,133	-	91,834,133	177,233,636	-	177,233,636

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and	5900	$ 3,951,657	$ -	$ 3,951,657	$ 3,951,657	$ -	$ 3,951,657
Student Health Services Above Amount	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits	6740	-	-	-	5,429,711	-	5,429,711
Objects to Exclude							
Rents and Leases	5060	-	-	-	616,029	-	616,029
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		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 4,985,883	$ -	$ 4,985,883
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		3,951,657	-	3,951,657	14,983,280	-	14,983,280
Total for ECS 84362,		$ 87,882,476	$ -	$ 87,882,476	$ 162,250,356	$ -	$ 162,250,356
Percent of CEE (Instructional Salary		54.16%		54.16%	100.00%		100.00%
50% of Current Expense of Education					$ 81,125,178		$ 81,125,178

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, 2021.

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 38,108,762
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 38,108,762	$ -	$ -	$ 38,108,762
Total Expenditures for EPA		$ 38,108,762	$ -	$ -	$ 38,108,762
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 50,803,407	
Special Revenue Funds	16,280,784	
Capital Project Funds	110,684,626	
Debt Service Funds	32,979,294	
Internal Service Funds	(29,282,460)	
Fiduciary Funds	88,023,716	
Total fund balance - all District funds		$ 269,489,367
Amounts held in trust on behalf of others (OPEB Trust and Custodial Funds)		(88,023,716)
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	747,675,224	
Accumulated depreciation is	(236,576,015)	
Total capital assets, net		511,099,209
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	16,370,496	
Deferred outflows of resources related to OPEB	23,645,555	
Deferred outflows of resources related to pensions	53,278,816	
Total deferred outflows of resources		93,294,867
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.		(3,631,855)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (370,646,902)	
Compensated absences	(8,144,515)	
Less amount reported as a liability in the funds	566,502	
Early retirement incentive	(7,665,795)	
Aggregate net other postemployment benefits (OPEB) liability	(112,457,078)	
Less amount reported as a liability in the funds	81,598,846	
Aggregate net pension liability	(234,999,535)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(86,283,807)	
Total long-term liabilities		$ (738,032,284)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(34,912,279)	
Deferred inflows of resources related to pensions	(8,062,462)	
Total deferred inflows of resources		(42,974,741)
Total net position		$ 1,220,847

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance has been provided to a subrecipient.

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

Donated Personal Protective Equipment (PPE) (unaudited)
Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was $3.6 million and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or Assistance Listing numbers. The donated PPE is not included in the Schedule of Expenditure of Federal Awards.

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% Law) Calculation

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's 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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2021

Rancho Santiago Community College District

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2021.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 12 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

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
December 3, 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 3, 2021

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 2020-2021 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, 2021.

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 2020-2021 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 considered 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 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 499	COVID-19 Response Block Grant Expenditures

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, 2021.

The purpose of this report on State compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Contracted District Audit Manual*, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 3, 2021

<u>Financial statements</u>

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

<u>Federal awards</u>

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/CFDA Number
Adult Education: Adult Secondary Education; Adult Education: Adult Basic Education & ELA; Adult Education: English Literacy & Civics Education; Adult Education: Institutionalized Adults	84.002, 84.002A
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion; COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion; COVID-19: CARES Act Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425E, 84.425F, 84.425L
Head Start Cluster	93.600

Dollar threshold used to distinguish between type A and type B programs	$1,506,786
Auditee qualified as low-risk auditee?	Yes

<u>State compliance</u>

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.