SONOMA COUNTY
JUNIOR COLLEGE DISTRICT

SANTA ROSA, CALIFORNIA

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2023

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

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SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION
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DESCRIPTION OF DISTRICT

The Sonoma County Junior College District (the District) was established in 1918 with the founding of Santa Rosa Junior College. The District operates a campus in the City of Santa Rosa, a campus in the City of Petaluma, a criminal justice training center in the Town of Windsor, an agricultural center in the Town of Forestville, and classes at numerous other locations throughout the District. The District is comprised of an area of approximately 1,600 square miles. There were no changes in the boundaries of the District during the current year.

BOARD OF TRUSTEES

Name	Office	Term Expires
Dorothy Battenfeld	President	2026
Caroline Bañuelos	Vice President	2024
Michael Valdovinos	Clerk	2026
Mariana Martinez	Member	2024
Maggie Fishman	Member	2026
Ezrah Chaaban	Member	2026
W. Terry Lindley	Member	2024
Logan Warren	Student Member	2024

ADMINISTRATION

Dr. Angélica Garcia .... Superintendent/President

Robert Holcomb .... Vice President of Academic Affairs/Assistant Superintendent

Kate Jolley .... Vice President of Finance & Administrative Services

Gene Durand .... Vice President of Human Resources

Robert Ethington .... Vice President of Student Services/Assistant Superintendent

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Auxiliary Name	Establishment Date	Current Master Agreement Date	Auxiliary Director's Name
Santa Rosa Junior College Foundation	August 25, 1969	July 15, 2021	J Mullineaux, Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedules of the District's Proportionate Share of the Net Pension Liability, and the Schedules of the District's Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information section, as listed in the table of contents, is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 7, 2023, 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, and 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 District's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 7, 2023

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Sonoma County Junior College District for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Sonoma County Junior College District, familiarly called Santa Rosa Junior College (SRJC), is a public two-year community college, which serves approximately 31,100 students. The District has two campuses, located in Santa Rosa and Petaluma, California, two centers, a Public Safety Training Center located in Windsor, California, and the Robert Shone Agricultural Center located in Forestville, California, and a newly purchased site in the Roseland area. Students may choose from associate degree majors and certificate programs, complete courses toward the first two years of a bachelor's degree program, or pursue courses for other professional or personal reasons.

Reporting Highlights

- The annual report consists of three basic financial statements that provide information on SRJC as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds but excludes the fiduciary fund that is reported separately. The following information is provided to assist with the understanding of the financial statements and the financial position of the District. Each statement is presented in a consolidated format as required by GASB and will be discussed separately.

- In 2021/22, the District implemented GASB 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..

- In 2022/23, the District implemented GASB Statement No 96, Subscription Based Information Technology Arrangements. Similar to GASB 87, the objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription based technology agreements by governments..

District's Fiduciary Responsibility

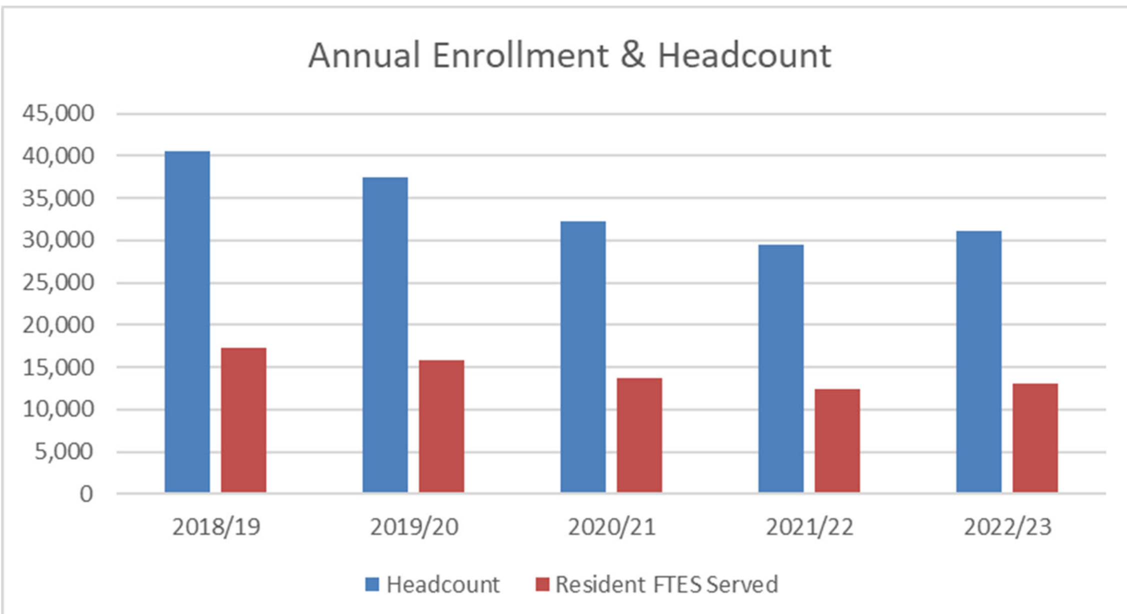
- The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

- The District maintains fiduciary funds to account for assets held by the District as an agent on behalf of others. After implementation of GASB 84, the District's sole fiduciary fund is the Club and Trust accounts that are operated through Student Government Assembly.

Attendance Highlights

- The District has had steadily declining enrollment since 2009/10. After unsuccessful attempts to increase Full Time Equivalent Students (FTES), the District had not rebounded to its previously funded levels and implemented a Long Range Plan to Fiscal Stability to constrict the size of the college to the size of its student population. Actual FTES served in 2018/19 was 17,291, a 20% decrease from the high of 21,684 FTES in 2008/09. When the COVID-19 worldwide pandemic hit in spring, 2020, FTES further declined in 2020/21 to 13,757 and 2021/22 to 12,454 FTES. In 2022/23, the district saw a 5.3% rebound in FTES to 13,110.

- The resident FTES in the following chart are actual resident FTES served at the district, which differs from funded FTES because of summer shifts, workload reductions, and the emergency conditions waiver from the October 2017 fires.



Financial Aid and Doyle Scholarships

For the years ended June 30, 2023 and 2022, the following sources of student financial aid were disbursed:

	2023	2022	Change
Federal	$ 15,729,327	$ 21,169,480	$ (5,440,153)
State	5,379,658	4,045,960	1,333,698
Scholarships	2,958,269	2,596,615	361,654
TOTAL	$ 24,067,253	$ 21,831,940	$ (3,744,802)

The Federal financial aid includes the Pell, SEOG, Federal Family Education Loans, National Service Trust, Higher Education Emergency Relief Fund grants, and Federal Work Study Programs. The State programs include Full Time Student Success Grants, Promise Grants, Emergency Relief Funds, and the Cal Grant Program. The Doyle scholarship funds are derived from the Frank P. Doyle and Polly O'Meara Doyle Trust. Just over fifty percent of the annual dividends generated from the common stock in Exchange Bank are distributed to the Doyle Trust, which then distributes the funds to SRJC for scholarships to support students attending Santa Rosa Junior College. In 2022/23, there were 2,989 scholarships disbursed.

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. Net Position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is an indicator of the financial health of a District.

	2023	2022	Change
ASSETS			
Current assets	$ 255,804,827	$ 181,394,187	$ 74,410,640
Non-current assets	595,042,626	532,555,335	62,487,291
TOTAL ASSETS	850,847,453	713,949,522	136,897,930
DEFERRED OUTFLOW OF RESOURCES	$ 56,167,040	$ 37,408,665	$ 18,758,375
LIABILITIES			
Current liabilities	$ 133,303,500	$ 98,900,836	$ 34,402,664
Non-current liabilities	580,848,419	453,589,914	127,258,505
TOTAL LIABILITIES	714,151,919	552,490,750	161,661,170
DEFERRED INFLOW OF RESOURCES	22,621,058	57,887,022	(35,265,964)
NET POSITION			
Invested in capital assets, net of related debt	235,777,219	229,105,148	6,672,071
Restricted	78,328,217	68,865,286	9,462,931
Unrestricted	(143,863,921)	(156,990,020)	13,126,099
TOTAL NET POSITION	$ 170,241,516	$ 140,980,415	$ 29,261,100

Current assets at June 30, 2023 consist of:

- ❖ Current cash and cash equivalents, mainly held at the county treasury, total $109.9 million.
- ❖ Restricted cash and cash equivalents which include cash in the Bond Funds ($93.9 million) and General Obligation debt service fund held for current repayments of the bonds ($62.5 million).
- ❖ Accounts receivables which include amounts due from grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable decreased $8.08 million over prior year, due mainly to the timing of payments from the state for the capital outlay projects.

Non-current assets consist of:

- Restricted cash and cash equivalents which consist of tax revenues collected by the county for payment of Measures A and H, General Obligation Bonds principal and interest in future years.

- Capital assets which are reported at historical cost of land, buildings, and equipment less accumulated depreciation, where applicable. The footnotes to the financial statements contain detailed information for capital assets.

Current liabilities consist of:

- Accounts payable which consist mainly of amounts due to vendors ($18.1 million) and employees ($2.94 million). Accounts payable increased by $5.5 million from prior year, primarily due to a change in the timing of payments to vendors with the increase in construction and a prior year payable for apportionment and funds to be returned to the state.

- The current portion of debt, including interest ($6.69 million) and principle payments ($30.7 million) for the bonds, the current portion of the early retirement incentive ($1.63 million), and the current portion of compensated absences ($3.07 million). Interest payable increased by $1.72 million and the current portion of bond payments decreased by $1.37 million over prior year. Detailed information regarding the District's debt can be found in the footnotes to the financial statements.

- Unearned revenue related to federal, state and local program funding that had been received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the Summer and Fall 2023 semesters ($1.07 million). Unearned revenue increased by $26.8 million over prior year from unexpended grant funds.

Non-current liabilities are liabilities and/or debt to be paid in one year or later. The major components of the non-current portion are:

- the long-term debt related to Measures A and H General Obligation bonds ($397.1 million);
- the net pension liability adjustment required by GASB 68 ($136.5 million);
- the total other post-employment benefits liability adjustment required by GASB 75 ($40.4 million);
- the long term portion of compensated absences ($2.7 million); and
- the long term portion of the lease liability ($4.18 million).

Detailed information regarding the District's long-term debt can be found in the footnotes to the financial statements.

Analysis of the District's Financial Position

Net Position is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of liabilities, and is an indicator of the District's financial position. Net Position is reported in three components: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets ($235.8 million) consists of capital assets net of accumulated depreciation, less outstanding capital debt net of unspent proceeds. The Restricted portion includes amounts legally restricted for payment of debt service ($62.5 million), capital projects ($14.5 million), health services

($673 thousand) and student accounts ($642 thousand). The Unrestricted portion (-$143.9 million) represents resources with no external restrictions, but which may be designated by the Board of Trustees for contingencies and other special purposes.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating finances of the District, as well as the non-operating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

	2023	2022	Change
Total operating revenues	$ 99,363,761	$ 85,769,150	$ 13,594,611
Total operating expenses	$ 242,678,262	$ 205,805,737	$ 36,872,525
Operating income (loss)	$(143,314,501)	$(120,036,587)	$ (23,277,914)
Total non-operating revenues (expenses)	$ 127,058,129	$ 109,485,118	$ 17,573,011
Income before other revenues, expenses, gains or losses	$ (16,256,372)	$ (10,551,469)	$ (5,704,903)
Capital revenues	$ 45,517,473	$ 63,258,287	$ (17,740,814)
Increase (Decrease) in net assets	$ 29,261,101	$ 52,706,818	$ (23,445,717)
Net Position - Beginning of year	$ 140,980,415	$ 88,273,597	$ 52,706,818
Net Position - End of year	$ 170,241,516	$ 140,980,415	$ 29,261,101

Changes in operating revenues:

- Net tuition and fees increased to $10.14 million. Enrollment fees are set by the state legislature for all community colleges, which was $46 a unit in 2022/23.

- Auxiliary enterprise sales and charges are primarily Farm sales ($1.45 million).

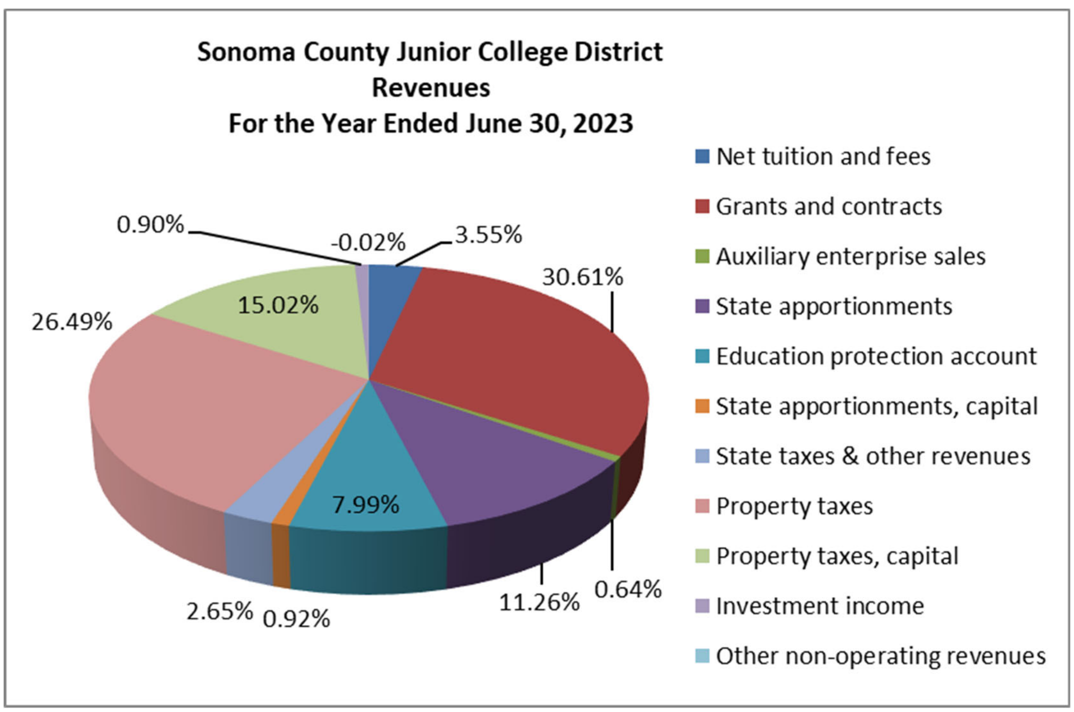
Changes in non-operating revenues:

- State apportionments represents total state general apportionment revenue earned less property taxes and enrollment fees. State apportionments represent $32.1 million of the non-operating revenues, the Education Protection Account is $22.8 million and property taxes are $75.6 million. State apportionment increased by $24.3 million from prior year, property tax revenue increased by $5.08 million, and Education Protection Act decreased by $16.1 million.

- Investment income – non-capital includes a loss of $3.52 million for adjusting cash and investments to fair market value as required by GASB 31.

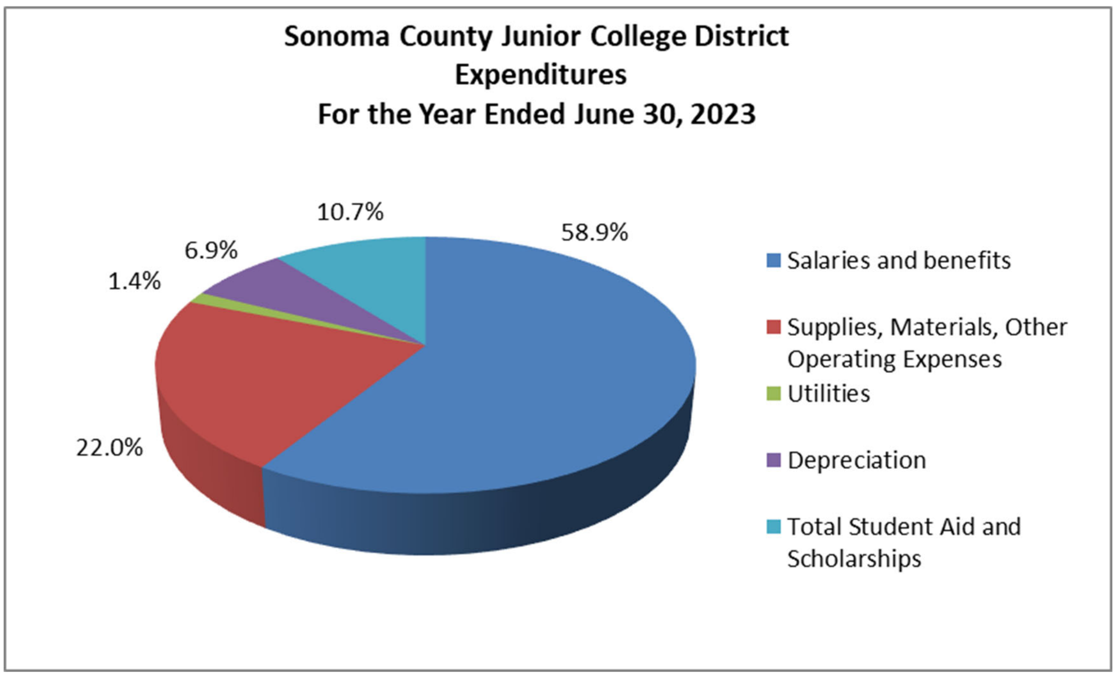
Revenues

	For the Year Ended June 30, 2023
Net tuition and fees	$ 10,135,900
Grants and contracts	87,402,301
Auxiliary enterprise sales	1,825,560
State apportionments	32,144,615
Education protection account	22,810,829
State apportionments, capital	2,626,495
State taxes & other revenues	7,559,473
Property taxes	75,648,066
Property taxes, capital	42,890,978
Investment income	2,572,077
Other non-operating revenues	(54,666)
Total revenues	$ 285,561,628



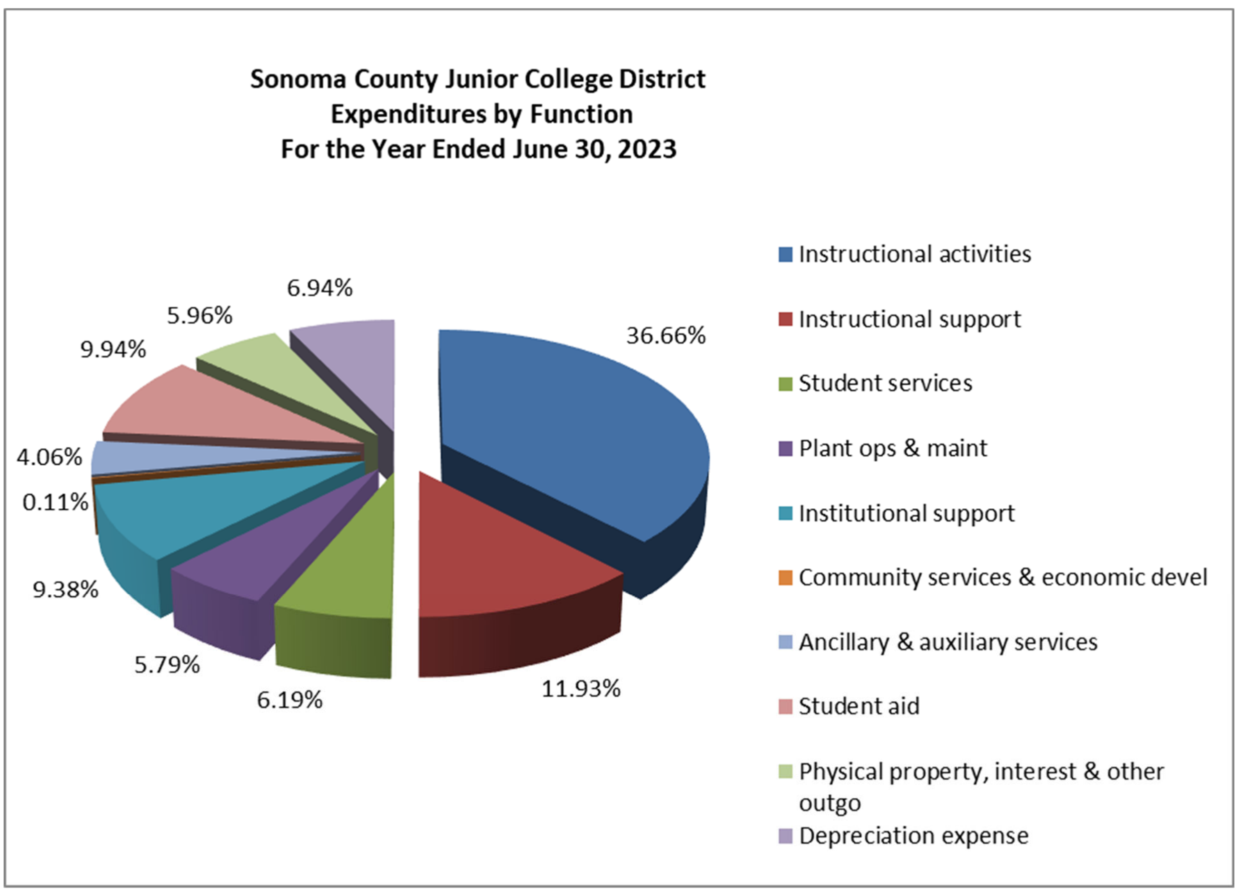
Operating Expenses (by natural classification)

	For the Year Ended June 30, 2023
Salaries	$ 106,149,906
Employee benefits	36,895,956
Supplies and materials	18,184,012
Other operating expenses and services	35,240,189
Utilities	3,409,644
Depreciation	16,853,091
Total student aid and scholarships	25,945,464
Total Operating Expenses	$ 242,678,262



Operating Expenses (by function)

	For the Year Ended June 30, 2023
Instructional activities	$ 88,962,031
Instructional support	28,944,075
Student services	15,030,983
Plant ops & maint	14,045,247
Institutional support	22,774,025
Community services & economic devel	255,441
Ancillary & auxiliary services	9,841,802
Student aid	24,131,053
Physical property, interest & other outgo	14,461,367
Depreciation expense	16,853,091
Bond costs	7,379,147
Total	$ 242,678,262



Statement of Cash Flows

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

	For the Years Ended June 30		
	2023	2022	Change
Net cash provided (used) by:			
Operating activities	$ (97,682,710)	$ (99,948,136)	$ 2,265,426
Non-capital financing activities	134,008,958	138,994,937	(4,985,979)
Capital and related financing activities	70,337,970	(75,948,456)	146,286,426
Investment activities	(2,360,813)	(5,331,919)	2,971,106
Net increase (decrease) in cash	104,303,405	(42,233,574)	146,536,979
Cash - beginning of the fiscal year	166,615,741	208,849,315	(42,233,574)
Cash - end of the fiscal year	$ 270,919,146	$ 166,615,741	$ 104,303,405

- Net cash used for operating activities decreased by $2.3 million from the prior year. This change was largely due to changes in payments to suppliers and employees.

- Net cash provided by noncapital financing activities are from state apportionments and property taxes and decreased by $5.0 million over prior year, mostly due to changes in timing of payments.

- Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets ($52.96 million), and principal and interest payments on capital debt ($44.3 million). Cash inflows were comprised of sales of final series of bond ($105.0 million), including the premium ($6.92 million), state apportionments for capital purposes ($10.25 million), property taxes ($42.9 million), and interest in capital investments ($2.57 million).

Capital Assets

- The $251.7 million Measure A General Obligation Bond program, was completely expended in 2016/17. The District issued the 2002 General Obligation Bonds, Series A, in the amount of $60 million on February 4, 2003 and the 2002 General Obligation Bonds, Series B, in the amount of $105 million on October 13, 2005. The 2002 General Obligation Bonds, Series C in the amount of $69.71 million were issued on September 17, 2007, and the 2002 General Obligation Bonds, Series D in the amount of $16.99 million were issued on April 2, 2008. As of June 30, 2023, there was $31.8 million outstanding and with the final payments to be made in 2029/30.

  In 2022/23, the ninth year of the $410 million Measure H General Obligation Bond program, the District continued its major construction with the Lindley Center for STEM education, the major Tauzer renovation and central plant and other sustainability projects. There were also numerous maintenance projects and technology and equipment purchases. The District had additions of $58.4 million in capital assets for the year, of which $48.8 million were for construction costs and land improvements. Measure H was passed by the voters in November 2014 and the District issued the first series of the bonds for $125 million in December 2016. Series B for $180 million was issued in November 2019. The District issued the third and final series of the Measure H bond program, on November 8, 2022. Series C, in the amount of $95M, will cover the remainder of the bond program. Series C-1, in the amount of $10 million, will cover the longer-term technology needs for the District for the next decade.

Economic Factors That May Affect the Future

- The Student Centered Funding Formula went into effect for the California Community College system in 2018/19. The new formula would have caused a decrease in funding for the District however, the District is operating under the emergency conditions waiver, and there are now multiple hold harmless provision in the funding formula that will protect the funding, however the District will need to address enrollment concerns to receive ongoing cost of living adjustments after 2024/25.

- In October 2017, a devastating firestorm ripped through Santa Rosa and thousands of structures were destroyed. Hundreds of District students and employees lost their homes. The District received an emergency conditions waiver which held its apportionment funding at pre-fire levels plus increases for COLA for 2017/18, 2018/19, and 2019/20. The District was granted extensions for 2020/21 through 2022/23, along with a partial extension into 2023/24. The District has been implementing its Long Range Plan to Fiscal Stability to ensure it is prepared for the future loss of revenue, however have paused while the strategic enrollment management planning occurs in light of the 2022/23 hold harmless reform at the state level.

- As noted earlier, student attendance has been steadily declining since the fire and the COVID-19 worldwide pandemic in the spring of 2020 has continued to exacerbate the problem. The District has seen an uptick in student enrollments now that classes have returned onsite however, the District is still remarkably smaller than it was. To address this, student needs, and the financial implications, the District has created and begun implementation of an Enrollment Management Plan. The District saw an incremental increase in 2022/23 FTES and is currently seeing an additional increase in 2023/24.

- The District issued the final series of the Measure H bond program in 2022/23. While Series C-1, is designed to cover the longer-term technology needs for the District for the next decade, there are many facilities needs that will be unable to be addressed unless there is another bond measure in the future or the state begins to consistently fund the scheduled maintenance program.

- The State's primary employee pension providers, CalPERS and CalSTRS, are significantly underfunded and the system has seen dramatic increases in employer contributions. From 2013/14 to 2022/23, the employer contribution for CalSTRS increased from 8.25% to 19.1%. CalPERS employer contributions have also increased in that same time period from 11.442% to 25.37%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	Primary Institution	Foundation
Current assets:		
Cash and cash equivalents	$ 109,942,328	$ 12,606,698
Restricted cash and cash equivalents	124,758,554	
Cash with trustee	1,396,116	
Deposits held in escrow	3,100,231	
Accounts receivable	16,143,252	96,440
Current portion of pledges receivable		463,630
Inventory	50,235	
Prepaid expenses	414,111	
Total current assets	255,804,827	13,166,768
Noncurrent assets:		
Restricted cash and cash equivalents	31,721,917	
Restricted investments		66,295,152
Endowment fund		1,024,524
Pledges receivable		791,593
Charitable remainder trust assets		2,280,685
Nondepreciable capital assets	115,877,058	
Depreciable capital assets, net	447,443,651	
Total noncurrent assets	595,042,626	70,391,954
TOTAL ASSETS	850,847,453	83,558,722
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on refunding	6,635,174	
Deferred outflows of resources related to OPEB	11,398,088	
Deferred outflows of resources related to pensions	38,133,778	
Total deferred outflows of resources	56,167,040	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	907,014,493	83,558,722
LIABILITIES		
Current liabilities:		
Accounts payable	36,466,763	728,666
Unearned revenue	51,761,234	
Interest payable	6,689,653	
Current portion of liabilities under charitable remainder trusts		3,129
Amounts held on behalf of others	1,553,553	1,853,875
Long-term liabilities due within one year	36,832,297	
Total current liabilities	133,303,500	2,585,670
Noncurrent liabilities:		
Total OPEB liability	40,350,380	
Liabilities under charitable remainder trusts		2,140
Net pension liability	136,548,827	
Long-term liabilities	403,949,212	
Total noncurrent liabilities	580,848,419	2,140
TOTAL LIABILITIES	714,151,919	2,587,810
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to charitable remainder trusts		2,275,417
Deferred inflows of resources related to OPEB	7,159,563	
Deferred inflows of resources related to pensions	15,461,495	
Total deferred inflows of resources	22,621,058	2,275,417
NET POSITION:		
Net investment in capital assets	235,777,219	
Restricted for:		
Capital projects	14,468,552	
Debt service	62,543,655	
Other special purposes	1,316,011	
Restricted by donors		75,489,042
Other (nonexpendable)		1,024,524
Unrestricted (deficit)	(143,863,921)	2,181,929
TOTAL NET POSITION	$ 170,241,516	$ 78,695,495

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and fees (gross)	$ 15,475,842	
Less: scholarship discounts and allowances	(5,339,942)	
Net tuition and fees	10,135,900	
Grants, contracts, and donations, noncapital:		
Federal	25,853,414	
State	51,849,685	
Local	9,699,202	
Contributions		$ 9,493,648
Other		745,286
Auxiliary enterprise sales and charges	1,825,560	
TOTAL OPERATING REVENUES	99,363,761	10,238,934
OPERATING EXPENSES:		
Academic salaries	63,192,275	
Classified salaries	42,957,631	
Employee benefits	36,895,956	
Supplies and materials	18,184,012	
Other operating expenses and services	35,240,189	2,803,265
Utilities	3,409,644	
Depreciation/amortization	16,853,091	
Student financial aid and scholarships	25,945,464	5,286,201
TOTAL OPERATING EXPENSES	242,678,262	8,089,466
OPERATING GAIN (LOSS)	(143,314,501)	2,149,468
NON-OPERATING REVENUES (EXPENSES):		
State apportionments, noncapital	32,144,615	
Education protection account	22,810,829	
Local property taxes	75,648,066	
State taxes and other revenues	7,559,473	
Investment income (loss) - noncapital	(2,360,813)	4,937,088
Investment income - capital	2,572,077	
Interest expense on capital asset-related debt	(11,261,452)	
Other non-operating expenses	(54,666)	(1,100,619)
TOTAL NON-OPERATING REVENUES	127,058,129	3,836,469
LOSS BEFORE CAPITAL REVENUES	(16,256,372)	5,985,937
State apportionments, capital	2,626,495	
Local property taxes and revenues, capital	42,890,978	
INCREASE IN NET POSITION	29,261,101	5,985,937
NET POSITION - BEGINNING OF YEAR	140,980,415	72,709,558
NET POSITION -- END OF YEAR	$ 170,241,516	$ 78,695,495

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Primary Institution	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	$ 10,313,234	
Federal grants and contracts	25,311,744	
State grants and contracts	83,905,063	
Local grants and contracts	11,708,055	
Contributions		$ 9,604,158
Payments to suppliers	(59,124,521)	
Payments to/on behalf of employees	(146,196,066)	
Payments to/on behalf of students	(23,723,945)	(5,286,201)
Auxiliary enterprise sales and charges	2,001,679	
Other receipts and payments	(1,877,953)	(1,342,910)
Net cash provided (used) by operating activities	(97,682,710)	2,975,047
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State apportionments and receipts	58,192,056	
Property taxes	75,648,066	
Student organization agency receipts/disbursements	168,836	
Interest on noncapital investments		951,624
Other transfers		(1,100,619)
Net cash provided (used) by noncapital financing activities	134,008,958	(148,995)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	105,000,000	
Premiums received on general obligation bonds	6,920,468	
State apportionments for capital purposes	10,251,508	
Purchases of capital assets	(51,815,764)	
Proceeds from sales of capital assets	30,862	
Principal paid on capital debt	(32,070,000)	
Interest paid on capital debt	(12,189,742)	
Principal paid on right-to-use lease assets	(98,136)	
Payments made for SBITA assets	(1,144,281)	
Interest on capital investments	2,572,077	
Local property taxes and other revenues for capital purposes	42,880,978	
Net cash provided by capital and related financing activities	70,337,970	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(7,538,242)
Sales and maturities of investments		6,576,132
Gain on pooled cash and cash equivalents	(2,360,813)	
Net cash used by investing activities	(2,360,813)	(962,110)
NET INCREASE IN CASH AND EQUIVALENTS	104,303,405	1,863,942
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	166,615,741	10,742,756
CASH AND EQUIVALENTS -- END OF YEAR	$ 270,919,146	$ 12,606,698

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2023

	Primary Institution	Foundation
Reconciliation to balance sheet:		
Cash and cash equivalents	$ 109,942,328	$ 12,606,698
Restricted cash and cash equivalents - current	124,758,554	
Cash with trustee	1,396,116	
Deposits held in escrow	3,100,231	
Restricted cash and cash equivalents - noncurrent	31,721,917	
Total cash and cash equivalents	$ 270,919,146	$ 12,606,698
RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating gain (loss)	$ (143,314,501)	$ 2,149,468
Adjustments to reconcile operating gain (loss) to net cash Provided (used) by operating activities:		
Depreciation/amortization expense	16,853,091	
Changes in:		
Accounts receivable	587,702	854,622
Pledges receivable		(517,161)
Prepaid expenses		48,327
Inventories, prepaids, and other assets	834,737	
Endowment fund		(42,367)
Deferred outflows related to pensions	(14,345,289)	
Deferred outflows related to OPEB	(5,355,571)	
Accounts payable	9,690,934	182,064
Unearned revenue	26,809,246	(184,584)
Charitable remainder trust assets		358,916
Compensated absences	251,879	
Total OPEB liability	1,624,865	
Net pension liability	45,501,377	
Early retirement incentive	(1,555,216)	
Liabilities under charitable remainder trusts		(165)
Amounts held on behalf of others		484,678
Deferred inflows related to charitable remainder trusts		(358,751)
Deferred inflows related to OPEB	3,848,278	
Deferred inflows related to pensions	(39,114,242)	
Net cash provided (used) by operating activities	$ (97,682,710)	$ 2,975,047
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of deferred charge on refunding	$ 939,218	
Amortization of premium on long-term debt	3,585,147	
Receipt of donated assets	10,000	
SBITA assets acquired through financing	5,625,727	
Right-to-use lease assets acquired through financing	222,874	
Net non-cash investing, capital, and financing activities	$ 10,382,966	$

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Fund
ASSETS:	
Cash and cash equivalents	$ 163,753
Inventory	45
TOTAL ASSETS	163,798
LIABILITIES:	
Accounts payable	4,875
NET POSITON:	
Amounts held in trust for others	$ 158,923

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS:	
Other local revenues	$ 81,783
TOTAL ADDITIONS	81,783
DEDUCTIONS:	
Operating expenses and services	55,989
TOTAL DEDUCTIONS	55,989
INCREASE IN FIDUCIARY NET POSITION	25,794
NET POSITION, BEGINNING OF YEAR	133,129
NET POSITION, END OF YEAR	$ 158,923

1. ORGANIZATION AND REPORTING ENTITY

The Sonoma County Junior College District (the District) was established in 1918 with the founding of Santa Rosa Junior College. The District operates a campus in the City of Santa Rosa, a campus in the City of Petaluma, a criminal justice training center in the Town of Windsor, an agricultural center in the Town of Forestville, and classes at numerous other locations throughout the District.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statements No. 39 and 61. The District, based on its evaluation of these criteria, identified the Santa Rosa Junior College Foundation (the Foundation) as a component unit.

Discretely Presented Component Unit – The Foundation was established as a legally separate non-profit entity to support the District and its students through fundraising activities. In addition, the Foundation develops and maintains student scholarships and trust accounts for the District students. Furthermore, the funds contributed by the Foundation to the District and its students are significant to the District's financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's annual financial statements. The Foundation also issues complete audited financial statements that may be obtained from the District or the Foundation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA).

Basis of Accounting – For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office of the California Community Colleges' Budget and Accounting Manual, which is consistent with generally accepted accounting principles in the United States of America.

In addition to the District's business-type activities, the District maintains a fiduciary fund. This fund accounts for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are accounted for using the economic resources measurement focus. The District reports the following fiduciary fund:

Custodial Fund – This fund includes the Club/Trust Fund. The amounts reported in the Club/Trust Fund represent the combined totals of all accounts for the various student body clubs and activities within the District. Individual totals, by club, are maintained within the Associated Student's accounting system.

Budgets and Budgetary Accounting – By state law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption.

The budget is revised during the year to incorporate categorical funds which are awarded during the year and miscellaneous changes to the spending plans. Revisions to the budget are approved by the District's governing board.

Estimates Used in Financial Reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents.

Restricted Cash, Cash Equivalents, and Investments – Cash, cash equivalents, and investments that are externally restricted per contractual obligations are classified as current or non-current assets in the statement of net position based on anticipated use.

Accounts Receivable – Accounts receivable consist of amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenses based on a contract or agreement between the District and the funding source. Additionally, accounts receivable consist of tuition and fee charges to students.

Inventory – Inventories are stated at the cost method (first-in, first-out method) or at market.

Capital Assets – Capital assets are those assets purchased or acquired with a minimum original cost of $20,000 for Buildings and Improvement of Sites, and $5,000 for all other capital assets. These assets are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Improvement of sites	20
Buildings	50
Vehicles	8
Restricted programs - machinery	5-15
Machinery and equipment	5-15

Deferred Outflows/Deferred Inflows of Resources – In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred charge on refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as a deferred outflow of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

Contributions made to the District's pension and OPEB plans after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 9 for further details related to these pension deferred outflows and inflows. See Note 10 for details related to the OPEB deferred outflows and inflows.

Pensions – Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Leases – The District recognizes leases when the lease terms include a noncancellable period of more than one year. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District estimates its incremental borrowing rate as the discount rate for expected lease payments and the noncancelable period for its leases. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease liability certain changes occur that are expected to significantly affect their lease liability.

Lease assets are reported with depreciable capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements – The District recognizes subscription-based information technology arrangements (SBITA) with $100,000 or more in future payments from agreement commencement, and when the SBITA terms include a noncancellable period of more than one year.

The District recognizes subscription liability and an intangible right-to-use subscription asset at the commencement of an agreement and initially measures them at the present value of payments expected to be made during the agreement term. The subscription liability is reduced by the principal portion of payments made and the subscription asset is amortized on a straight-line basis over the shorter of the agreement term or the useful life of the underlying asset.

The District estimates its incremental borrowing rate as the discount rate for expected payments and the noncancelable period for its SBITAs. Additionally, the District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription liability if certain changes occur that are expected to significantly affect their liability.

Subscription assets are reported with depreciable capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Unearned Revenues – Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grants, contracts, and certain categorical programs that have not yet been earned.

Compensated Absences – Employee vacation pay and compensatory time is accrued at year-end for financial statement purposes based on vacation time accrued and current pay rates. The liability and expense incurred are recorded at year end as accrued vacation payable in the statement of net position and as a component of employee benefits. It is the District's policy to record sick leave in the period taken, since the employee's right to sick leave payment does not vest upon termination.

Noncurrent Liabilities – Non-current liabilities include estimated amounts for accrued postemployment benefits, net pension liabilities, and bond repayments and related interest that will not be paid within the next fiscal year.

Net Position – The District's net position is classified as follows:

- Net investment in capital assets – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- Restricted net position – Restricted net position includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed either through enabling legislation adopted by the District or by external third parties such as creditors, grantors, or laws or regulations of other governments.

- Unrestricted net position (deficit) – Unrestricted net position (deficit) represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Unrestricted net position (deficit) includes amounts internally designated for District obligations.

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

Classification of Revenues – The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most Federal, State, and local grants and contracts and Federal appropriations.

- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting" and GASB No. 34, such as State appropriations and investment income.

Scholarship Discounts and Allowances and Financial Aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. The District offers the California Community Colleges Promise grants to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State, or non-governmental programs, are recorded as operating or non-operating revenues in the District's financial statements.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of Sonoma bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Change in Accounting Principles – For the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 enhances relevance, consistency and reliability of the District's statements. It defines an SBITA; establishes that an SBITA results in a right-to-use subscription asset (intangible asset) and corresponding subscription liability; provides capitalization criteria for outlays other than subscription payments, including SBITA implementation costs; and requires disclosure of essential information about the arrangement. These changes were incorporated in the District's 2023 financial statements but had no effect on the beginning net position as of July 1, 2022.

For the year ended June 30, 2023, the District implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The primary objective of this Statement is to improve financial reporting by addressing issues related to these arrangements. Establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions will provide more relevant and reliable information for financial statement users and create greater consistency in practice. For the year ending June 30, 2023, the District had no partnerships or arrangements that met the criteria for recognition under GASB Statement No. 94.

3. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position of the primary institution:	
Cash and cash equivalents	$ 109,942,328
Restricted cash and cash equivalents – current	124,758,554
Restricted cash and cash equivalents – noncurrent	31,721,917
Deposits held in escrow	3,100,231
Cash with trustee	1,396,116
Statement of fiduciary net position:	
Cash and cash equivalents	163,753
Total cash and cash equivalents	$ 271,082,899

The District's cash and cash equivalents as of June 30, 2023 consist of the following:

Cash and cash equivalents in Sonoma County Treasury	$ 260,611,886
Deposits with financial institutions	5,967,116
Cash on hand	7,550
Deposits held in escrow	3,100,231
Cash equivalents with fiscal agent:	
Cash held by trustee	1,396,116
Total cash and cash equivalents	$ 271,082,899

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sonoma County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations – CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper (pooled and non-pooled)	270 days	25% or 40%	10%
Negotiable Certificates of Deposits	5 years	30%	30%
Non-negotiable Certificates of Deposits	5 years	None	None
Deposit Placement Services	5 years	50%	30%
CD Placement Services	5 years	50%	30%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds & Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None
Public Bank Obligations	5 years	None	None

Investments Authorized by Debt Agreements

$93,936,816 of the District’s cash and cash equivalents with the Treasury represents unspent bond proceeds at June 30, 2023, which is restricted for specific purposes under terms of the bonds offering.

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

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 values to changes in market interest rates. As of June 30, 2023, the weighted average maturity of the investments contained in the District’s Treasury's investment pool is approximately 539 days.

Credit Risk

Generally, 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 County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The proportion of investments in each of the permissible investment categories is restricted as defined in the *California Government Code*, Sections 53601 and 53635. The District does not hold any investments that constitute 5% or more of its total investment balance.

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2023, the carrying amount of the District's bank balance was $4,881,912. Of the bank balance, $253,447 was insured by the Federal Depository Insurance Corporation (FDIC). Cash on hand of $7,550 is not insured. District deposits held with financial institutions in excess of FDIC limits were $4,628,465. Of the total bank balance, $4,715,926 is held by the primary institution and $165,986 is held by the fiduciary fund.

Restricted Cash and Cash Equivalents

The District’s restricted cash and cash equivalents are $156,480,471 at June 30, 2023. Included in this restricted balance is $93,936,816 of unspent bond proceeds and $62,543,655 for the assessments collected by the County Treasurer’s Office on behalf of the District for the repayment of the District’s general obligation bonds.

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The County Treasury Pooled Investment Fund is subject to fair value measurement; however, they are not subject to the fair value hierarchy.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2023:

Federal grants and contracts	$ 5,644,606
State grants and contracts	2,442,553
Local grants and contracts	111,860
State apportionment – non-capital	1,253,674
Auxiliaries	140,937
Tuition and fees	1,379,734
Other	5,169,888
Totals	$ 16,143,252

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022, as restated	Additions	Disposals	Transfers	Balance June 30, 2023
Capital assets, not depreciated:					
Land	$ 21,491,672				$ 21,491,672
Construction in progress	127,730,324	$ 39,655,110		$ (73,000,048)	94,385,386
Total capital assets, not depreciated	149,221,996	39,655,110		(73,000,048)	115,877,058
Capital assets, depreciated/amortized:					
Buildings	466,724,781	7,608,167		73,000,048	547,332,996
Improvement of sites	56,745,198	1,575,810			58,321,008
Vehicles	4,499,900	159,756	$ (34,317)		4,625,339
Right-to-use lease assets	313,773	222,874			536,647
Software subscriptions	770,643	5,625,727			6,396,370
Machinery and equipment	22,148,303	2,826,921	(785,244)		24,189,980
Total capital assets, depreciated/amortized	551,202,598	18,019,255	(819,561)	73,000,048	641,402,340
Less accumulated depreciation/amortization for:					
Buildings	(147,053,006)	(12,431,027)			(159,484,033)
Improvement of sites	(15,955,692)	(2,418,090)			(18,373,782)
Vehicles	(3,085,038)	(212,048)	32,546	(2,225)	(3,266,765)
Right-to-use lease assets	(83,454)	(98,136)			(181,590)
Software subscriptions		(980,991)			(980,991)
Machinery and equipment	(11,662,441)	(712,799)	701,487	2,225	(11,671,528)
Total accumulated depreciation/amortization	(177,839,631)	(16,853,091)	734,033		(193,958,689)
Total capital assets, depreciated/amortized, net	373,362,967	1,166,164	(85,528)		447,443,651
Capital assets, net	$ 522,584,963	$ 40,821,274	$ (85,528)	$	$ 563,320,709

6. LONG-TERM LIABILITIES

General Obligation Refunding Bonds

In November 2019, the District issued the 2019 General Obligation Refunding Bonds, in the amount of $81,400,000, with interest rates ranging from 1.837% - 2.639%. The debt was issued by the District to advance refund $71,185,000 of the District's outstanding 2013 General Obligation Refunding Bonds and pay the costs of issuance of the Refunding Bonds. The District defeased the bonds by placing proceeds of the 2019 General Obligation Refunding Bonds in an irrevocable escrow account to provide for future debt service, accordingly the assets and liabilities of the defeased bonds are not included in the Statement of Net Position.

The 2019 General Obligation Refunding Bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,320,000	$ 1,865,482	$ 3,185,482
2025	10,535,000	1,743,778	12,278,778
2026	11,265,000	1,503,020	12,768,020
2027	12,075,000	1,223,088	13,298,088
2028	12,925,000	911,267	13,836,267
2029-2030	28,575,000	762,976	29,337,976
Totals	$ 76,695,000	$ 8,009,611	$ 84,704,611

In December 2016, the District issued General Obligation Refunding Bonds, in the amount of $20,795,000, with interest rates ranging from 3.00% - 5.00%. The debt was issued to provide resources to defease the remaining outstanding principal amount of General Obligation Bonds, Series B, and interest accrued until the date of defeasement. The net carrying amount of the old debt, made up of outstanding principal and unamortized premium, exceeded the reacquisition price, resulting in a deferred amount on refunding. This deferred amount on refunding is included in the net deferred outflows of resources on the statement of net position. The deferred charge on refunding at June 30, 2023 of $(420,077) is being amortized over the remaining life of the new debt.

The 2016 General Obligation Refunding Bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024		$ 936,687	$ 936,687
2025	$ 3,035,000	860,813	3,895,813
2026	2,935,000	724,412	3,659,412
2027	3,310,000	581,138	3,891,138
2028	3,475,000	411,512	3,886,512
2029-2030	7,485,000	304,456	7,789,456
Subtotal	20,240,000	3,819,018	24,059,018
Plus: unamortized premium	1,607,741		1,607,741
Totals	$ 21,847,741	$ 3,819,018	$ 25,666,759

In May 2013, the District issued General Obligation Refunding Bonds, in the amount of $133,215,000, with interest rates ranging from 2.00% - 5.00%. The debt was issued to provide resources to purchase U.S. Government State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of $137,302,500 of General Obligation Bonds, Series B, and $93,758,875 of General Obligation Bonds, Series C. As a result, the refunded bonds are considered to be partially defeased as a legal defeasance and a prorated portion of the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt resulting in a deferred charge on refunding. The deferred charge on refunding at June 30, 2023 of $7,055,251 is being amortized over the remaining life of the new debt. As described above, the outstanding balance on these bonds was partially refunded in November 2019. The remaining liability is presented below.

The 2013 General Obligation Refunding Bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 11,580,000	$ 280,000	$ 11,860,000
Plus: unamortized premiums	1,603,808		1,603,808
Totals	$ 13,183,808	$ 280,000	$ 13,463,808

General Obligation Bonds

In November 2022, the District issued the 2014 General Obligation Bonds, Series C and C1, in the amount of $105,000,000, with interest rates of 3.00% - 5.00%.

The General Obligation Bonds, Series C and C1 mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 13,710,000	$ 3,538,408	$ 17,428,408
2025	12,980,000	4,580,069	17,560,069
2026	10,625,000	3,931,743	14,556,743
2027	11,515,000	3,400,987	14,915,987
2028	12,470,000	2,824,901	15,294,901
2029-2031	43,700,000	4,519,004	48,219,004
Subtotal	105,000,000	22,795,112	127,795,112
Plus: unamortized premium	6,325,159		6,325,139
Totals	$ 111,325,159	$ 22,795,112	$ 134,120,251

In November 2019, the District issued the 2014 General Obligation Bonds, Series B, in the amount of $180,000,000, with an interest rate of 2.875% - 4.00%.

The General Obligation Bonds, Series B mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 3,025,000	$ 4,115,544	$ 7,140,544
2025	3,305,000	3,988,944	7,293,944
2026	3,600,000	3,850,844	7,450,844
2027	3,915,000	3,700,544	7,615,544
2028	4,235,000	3,537,544	7,772,544
2029-2033	26,670,000	14,752,820	41,422,820
2034-2038	37,435,000	8,717,092	46,152,092
2039-2043	38,345,000	2,338,621	40,683,621
Subtotal	120,530,000	45,001,953	165,531,953
Plus: unamortized premium	12,660,978		12,660,978
Totals	$ 133,190,978	$ 45,001,953	$ 178,192,931

In December 2016, the District issued the 2014 General Obligation Bonds, Series A, in the amount of $125,000,000, with an interest rate of 3.00% - 5.00%.

The General Obligation Bonds, Series A mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,070,000	$ 3,001,500	$ 4,071,500
2025	1,235,000	2,955,400	4,190,400
2026	1,410,000	2,897,900	4,307,900
2027	1,605,000	2,828,800	4,433,800
2028	1,815,000	2,747,125	4,562,125
2029-2033	12,755,000	12,163,475	24,918,475
2034-2038	20,285,000	8,431,475	28,716,475
2039-2042	23,600,000	2,480,000	26,080,000
Subtotal	63,775,000	37,505,675	101,280,675
Plus: unamortized premium	7,742,736		7,742,736
Totals	$ 71,517,736	$ 37,505,675	$ 109,023,411

Early Retirement Incentive

During 2019, District made available and approved a Supplemental Employee Retirement Plan (SERP) to provide eligible employees with a monthly income supplement. 98 employees accepted the incentive. The amount of the incentive is eighty percent of the eligible employee's final base salary, offered in several benefit payment alternatives, with total eligible benefits being paid to retirees ranging between 5 and 10 years. The benefits will be paid through annuities purchased through an insurance company by the District. District contributions to the eligible employees will not be considered creditable compensation for CalPERS and CalSTRS. The District's liability for this early retirement incentive is $1,633,776 as of June 30, 2023, which will be paid in full in 2024.

Lease liabilities

The District holds several multi-year, non-cancellable lease agreements as lessee for right-to-use copier equipment. As of June 30, 2023, the value of the lease liability was $355,058. The District is required to make monthly principal and interest payments of $11,875. For purposes of discounting future payments on the leases, the District used a discount rate of 2.40%. The right-to-use assets as of the year ended June 30, 2023 were $355,057 and are being amortized over the remaining term of the leases. The future minimum principal and interest lease payments as of June 20, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 138,996	$ 3,501	$ 142,497
2025	63,120	8,158	71,278
2026	56,539	4,852	61,391
2027	55,542	1,890	57,432
2028	40,861	591	41,452
Totals	$ 355,058	$ 18,992	$ 374,040

Subscription-Based IT Arrangements (SBITAs)

The District holds several multi-year, non-cancellable agreements for subscription-based IT arrangements with annual payments through November 2026. The total costs of the District's subscription assets are recorded as $6,396,370, less accumulated amortization of $980,991. Initial SBITA liabilities were recorded as $770,643 assuming a 2.4% discount rate. As of June 30, 2023 the value of this SBITA liabilities are $5,252,513. The future minimum principal and interest lease payments as of June 20, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,286,419	$ 127,456	$ 1,413,875
2025	1,343,904	96,240	1,440,144
2026	1,326,740	63,629	1,390,3691
2027	1,295,450	31,435	1,326,885
Totals	$ 5,252,513	$ 318,760	$ 5,571,273

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance, as restated	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	$ 351,498,368	$ 111,917,201	$ (35,655,147)	$ 427,760,422	$ 30,705,000
Early retirement incentive	3,188,993		(1,555,217)	1,633,776	1,633,776
Compensated absences	5,527,860	2,691,547	(2,439,667)	5,779,740	3,068,105
Lease liabilities	230,319	222,874	(98,135)	355,058	138,997
Subscription liabilities	770,643	4,732,406	(250,536)	5,252,513	1,286,419
Total	$ 361,216,184	$119,564,028	$ (39,983,830)	$ 440,781,509	$ 36,832,297

7. SELF INSURANCE AND JOINT VENTURES (Joint Powers Agreements)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; natural disasters; and providing dental benefits to employees. The District is partially self-insured for its general liability and property coverage, and is 100% self-insured for dental benefit coverage. The District has chosen to establish a risk financing internal service fund where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

The District participates in four joint ventures under joint powers agreements (JPAs), the Statewide Association of Community Colleges (SWACC), Schools Association for Excess Risk (SAFER), the Protected Insurance Program for Schools (PIPS), and the Statewide Educational Wrap Up Program (SEWUP). The relationship between the District and each JPA is such that no JPA is a component unit of the District for financial reporting purposes.

Each JPA is governed by a board consisting of a representative from each member organization. The boards control the operations of the JPAs, including selection of management and approval of operating budgets independent of any influence by the members beyond their representation on the governing boards. SWACC provides property and liability insurance for its members. PIPS arranges for and provides workers' compensation insurance for its members. SAFER provides services for the establishment, operation, and maintenance of a self-funded excess property and liability fund for California schools and community college districts. SEWUP provides workers' compensation, liability coverage, builder' risk, pollution, and owner's professional insurance (OPPI) for construction projects. The members of each JPA pay premiums commensurate with the level of coverage requested, and they share surpluses and deficits proportionate to their participation in the JPAs.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than that of the JPAs' governing boards. Complete separate financial statements for the JPAs may be obtained from:

JPA	Address
SWACC	180 Grand Avenue, Suite 1380; Oakland, CA 94612
PIPS	2355 Crenshaw Blvd., Suite 200; Torrance, CA 90501
SAFER	2355 Crenshaw Blvd., Suite 200; Torrance, CA 90501
SEWUP	2355 Crenshaw Blvd., Suite 200; Torrance, CA 90501

All property is insured at full replacement value. For the past three years, there have been no significant reductions in any of the District's insurance coverage types and no settlement amounts have exceeded commercial or authority insurance coverage.

Annual premiums are charged by each JPA using various allocation methods that include actual costs, trends in claims experience, and number of participants.

Condensed financial information reported by each JPA for the years indicated are as follows (not covered by independent auditor's report):

	SWACC Property/ Liability June 30, 2022	SAFER Property/ Liability June 30, 2022	PIPS Workers' compensation June 30, 2022	SEWUP Workers' compensation/ Liability June 30, 2022
Total assets	$ 50,281,881	$ 34,471,514	$ 229,417,398	$ 57,906,978
Total liabilities	$ 34,250,259	$ 35,199,355	$ 169,617,184	$ 54,768,161
Net position	16,031,622	(727,841)	59,800,214	3,138,817
Total liabilities and net position	$ 50,281,881	$ 34,471,514	$ 229,417,398	$ 57,906,978
Total revenues	$ 34,651,112	$ 112,130,159	$ 321,712,567	$ 20,308,088
Total expenses	35,895,453	114,763,648	323,936,637	20,677,209
Net decrease in net position	$ (1,244,341)	$ (2,633,489)	$ (2,224,070)	$ (369,121)

8. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

Litigation

The District is a defendant in various lawsuits. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Sick Leave

Employees do not gain a vested right to accumulated sick leave; however, they are entitled to service credit for the calculation of their retirement benefits. The District tracks the sick leave balance for each employee and reports it to PERS or STRS at retirement to determine the service credit.

Construction Commitments

The District has construction commitments of approximately $42,122,819 at June 30, 2023. General Obligation Bonds and State Capital Outlay Funds have been approved for such construction commitments.

9. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 20.25% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2023, was 19.10% of annual pay. District contributions to the CalSTRS Plan were $9,138,679 for the year ended June 30, 2023.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution increased from 1.437% in 2014-15 to 6.311% in 2021-22. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2021, was 10.828% of the District's 2014-15 creditable CalSTRS compensation.

Actuarial Assumptions

The total pension liability for the CalSTRS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to the measurement date of June 30, 2022. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry-Age Normal
Actuarial assumptions:	
Discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Investment rate of return[(1)]	7.10%
Mortality	CalSTRS' Membership Data
Post-retirement benefit increase	2% simple for DB (Annually)
	Maintain 85% purchasing power
	Level for DB
	Not applicable for DBS /CBB

[(1)] Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with law as described above under contributions. 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 occur midyear. Based on those assumptions, the CalSTRS Plan'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 the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary 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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Public equity	42.00%	4.80%
Real estate	15.00%	3.60%
Private equity	13.00%	6.30%
Fixed income	12.00%	1.30%
Risk mitigating strategies	10.00%	1.80%
Inflation sensitive	6.00%	3.30%
Cash / liquidity	2.00%	-0.40%
Total	100.00%	

*20-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1)

CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service.

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's 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's required contribution rate for the year ended June 30, 2023, was 25.37% of annual pay. District contributions to the CalPERS Plan were $9,911,818 for the year ended June 30, 2023.

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry-Age Normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases(1)	Varies
Investment rate of return	6.90%
Mortality(2)	CalPERS' Membership Data
Post-retirement benefit increase(3)	Up to 2.30%

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

(3) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

Change in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 (geometric) returns were calculated over the short-term (first 10 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 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class[a]	**New Strategic Allocation**	**Real Return Years 1 – 10[b]**
Global equity – cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	

[a] An expected inflation of 2.30% was used for this period.
[b] Figures are based on the 2021-22 Asset Liability Management study.

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

As of June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's 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:

District's proportionate share of the net pension liability:	
CalSTRS Plan	$ 53,504,220
CalPERS Plan	83,044,607
Total District net pension liability	136,548,827
State's proportionate share of CalSTRS net pension liability associated with the District	26,804,997
Total	$ 163,353,824

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2022, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability for the measurement period June 30, 2022, was 0.077% and 0.2413% for the CalSTRS and CalPERS Plans, respectively, which was a decrease of (0.0050%) and (0.0229%), respectively, from its proportion measured as of June 30, 2021 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2022, the District recognized pension expense of $13,254,658 and revenue of $2,162,315 for support provided by the State. At June 30, 2023, 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
Differences between expected and actual experience	$ 419,203	$ (6,077,956)
Changes in assumptions	8,796,588	
Changes in proportion		(6,723,615)
Change in proportionate share of contributions	62,181	(43,464)
Net differences between projected and actual investment earnings of pension plan investments	9,805,309	(2,616,460)
District contributions subsequent to measurement date	19,050,497	
Total	$ 38,133,778	$ (15,461,495)

The $19,050,497 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	$ 503,537
2025	(1,413,934)
2026	(3,781,095)
2027	9,546,291
2028	(497,455)
Thereafter	(735,558)

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

The following presents the District's proportionate share of the net pension liability of the Plans as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate +1% (8.10%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 90,870,010	$ 53,504,220	$ 22,479,380

	Discount Rate –1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 119,962,139	$ 83,044,607	$ 52,533,623

Defined Contribution Plans

Two defined contribution retirement plans are offered to part-time employees. First, in addition to the CalSTRS plan previously described, effective January 1, 1998, the District offered its part-time employees participation in the Cash Balance Benefit Program (the Cash Balance Plan) for employees of California's public schools, sponsored by CalSTRS. Eligibility is determined by CalSTRS and retirement benefits are based on an amount equal to the balance of the participant's account, including interest earned on contributions, payable as either a lump-sum distribution or an annuity for balances over $3,500. Participants have an immediate vested right to their benefits and no annual maintenance fees are allocated to the Cash Balance Plan.

The Cash Balance Plan requires contributions from the eligible members and from the District. Currently, the faculty members' and the District's required contributions are each 4% of gross salary. During the fiscal year ended June 30, 2023, employees and the District each contributed $258,916 to the Cash Balance Plan.

The second defined contribution plan is a 403(b) plan administered by Fidelity Investments. The IRS recognizes a 403(b) investment plan as a qualified pension plan that employers may offer in lieu of Social Security to employees not covered by CalSTRS or CalPERS. This alternative retirement system has been in effect since January 1, 1992, and is an employee-directed defined contribution plan. Currently, both the members and the District contribute 3.75% of gross salary. Participants contributing to the 403(b) plan have an immediate vested right to their benefits. During the fiscal year ended June 30, 2023, employees and the District each contributed $61,109 to the 403(b) plan.

10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

In addition to the pension benefits described in Note 9, the District provides other postemployment health and welfare benefits (medical, prescription drug, and dental insurance) for eligible retired employees through a single-employer defined benefit OPEB plan (the Plan). The medical benefits are provided through the Self-Insured Schools of California (SISC). Dental benefits are self-insured by the District and administered by outside consultants. As of June 30, 2023, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Although not set aside in an irrevocable trust, the District has established a Retiree Benefits Fund whose assets are designated for payment of other postemployment benefits. This fund had a fund balance of $2,930,124 at June 30, 2023.

Benefits Provided

Employees who have attained age 55 and have completed at least 15 years of full-time service with the District are eligible to retire and receive District-paid medical and dental coverages for retirees and dependents until age 65. For employees hired on or after October 1, 2013, the eligibility requirements are age 62 and 17 years of full-time service. Classified employees who work less than 100% full-time are credited with service on a pro-rata basis. Survivor benefits continue until the date the retiree would have reached age 65.

For almost all retirees, the District contributes up to the respective Kaiser HMO premium. The cap varies by coverage. There are four Classified retirees who are receiving grandfathered benefits and subject to existing 2014-15 co-premium levels, with the co-premium level increasing annually by the greater of the statutory COLA or the ongoing increase to the Classified salary schedule.

Upon attainment of age 65, retirees who have been covered under the College's retiree health plan will receive a medical/dental stipend for life according to the following schedule:

School Year	Stipend amount (Retiree / Retiree and spouse)
2022-23	$132/$256
2023-24	Least expensive Medicare Part B single premium / Med Part B times two
2024-25+	Medicare Part B premiums for single / retiree plus spouse increased by CPI

Employees Covered

As of the June 30, 2022 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	584
Inactive employees entitled to but not receiving benefits	0
Participating active employees	697
Total	1,281

Total OPEB Liability

The District's total OPEB liability of $40,350,380 was measured as of June 30, 2022, and was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial assumptions:	
Discount rate[1]	3.69%
Salary increases	3.00%
Inflation rate	2.5%
Health care cost trend rates	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 precent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.

(1) Based on Municipal Bond 20-Year High Grade Rate Index.

Pre-retirement mortality rates were based on active employees from CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019). Post-retirement mortality rates were based on retired members and beneficiaries CalSTRS Experience Analysis (2015-2018) and Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

Changes in Assumptions

For the measurement date June 30, 2022, the discount rate was increased from 1.92% to 3.69%.

Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
Balance at June 30, 2022 (Measurement date June 30, 2021)	$ 38,725,515
Changes recognized for the measurement period:	
Service cost	1,883,830
Interest on TOL	755,006
Difference between expected and actual experience	6,796,426
Changes in assumptions	(5,225,884)
Benefit payments	(2,584,513)
Net changes	1,624,865
Balance at June 30, 2023 (Measurement date June 30, 2022)	$ 40,350,380

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (2.69%)	Current Discount Rate (3.69%)	Discount Rate +1% (4.69%)
Total OPEB liability	$ 44,698,964	$ 40,350,380	$ 36,632,204

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Trend Rate –-1%[1]	Health Care Trend Rate[1]	Trend Rate +1%[2]
Total OPEB liability	$ 35,840,486	$ 40,350,380	$ 45,828,240

[1] Trend rate for each future year reduced by 1.00%.
[2] Trend rate for each future year reduced by 1.00%.

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $2,803,484. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 2,685,912	
Differences between expected and actual experience	6,006,144	$ (2,225,078)
Changes of assumptions	2,706,032	(4,934,485)
Total	$ 11,398,088	$ (7,159,563)

The $2,685,912 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	
2024	$ 164,648
2025	164,648
2026	86,835
2027	331,917
2028	329,749
Thereafter	474,816

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023
LAST 10 YEARS*

	Fiscal Year					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
	Measurement date 2022	**Measurement date 2021**	**Measurement date 2020**	**Measurement date 2019**	**Measurement date 2018**	**Measurement date 2017**
TOTAL OPEB LIABILITY						
Service cost	$ 1,883,830	$ 1,629,901	$ 1,192,939	$ 1,206,930	$ 1,295,188	$ 1,010,410
Interest	755,006	910,631	1,010,218	1,109,355	960,570	955,617
Changes in benefit terms			6,481,710			
Differences between expected and actual experience	6,796,426		(3,558,886)		(858,135)	
Changes of assumptions	(5,225,884)	1,912,688	1,674,360	1,280,758	(879,002)	
Benefit payments	(2,584,513)	(2,517,638)	(2,168,926)	(1,738,070)	(1,802,528)	(1,812,992)
NET CHANGE IN TOTAL OPEB LIABILITY	1,624,865	1,935,582	4,631,415	1,858,973	(1,283,907)	153,035
TOTAL OPEB LIABILITY, Beginning	38,725,515	36,789,933	32,158,518	30,299,545	31,583,452	31,430,417
TOTAL OPEB LIABILITY, Ending	$ 40,350,380	$ 38,725,515	$ 36,789,933	$ 32,158,518	$ 30,299,545	$ 31,583,452
Covered-employee payroll	$ 72,773,947	$ 68,600,545	$ 68,466,229	$ 70,431,864	$ 69,304,708	$ 66,331,272
District's total OPEB liability as a percentage of covered-employee payroll	55.45%	56.45%	53.73%	45.66%	43.72%	47.61%

Notes to Schedule:

There were no changes to benefit terms during the measurement periods ending June 30, 2022, 2021, 2019 and 2018. For the measurement period ending June 30, 2020, the monthly medical/dental stipend increased by school year for retiree and retiree spouse.

The District changed the assumed interest rates from 3.13% to 3.62%, from 3.62% to 3.13%, from 3.13% to 2.45%, from 2.45% to 1.92%, and from 1.92% to 3.69% during the measurement periods ending June 30, 2018, 2019, 2020, 2021, and 2022, respectively.

The District has not accumulated assets in a trust to pay for related OPEB benefits.

* Fiscal year 2018 was the 1st year of implementation, therefore only six years are presented.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2023
LAST 10 YEARS*

CalSTRS Plan

	Fiscal Year								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
	Measurement date 2022	**Measurement date 2021**	**Measurement date 2020**	**Measurement date 2019**	**Measurement date 2018**	**Measurement date 2017**	**Measurement date 2016**	**Measurement date 2015**	**Measurement date 2014**
District's proportion of the net pension liability	0.077%	0.082%	0.077%	0.081%	0.082%	0.080%	0.083%	0.089%	0.086%
District's proportionate share of the net pension liability	$ 53,504,220	$ 37,316,560	$ 74,619,930	$ 73,155,960	$ 75,363,740	$ 73,984,000	$ 67,131,230	$ 59,918,360	$ 50,255,820
State's proportionate share of the net pension liability associated with the District	26,804,997	18,881,846	38,308,978	40,047,052	43,378,990	43,483,412	38,263,861	31,811,375	30,231,043
Total	$ 80,309,217	$ 56,198,406	$ 112,928,908	$ 113,203,012	$ 118,742,730	$ 117,467,412	$ 105,395,091	$ 91,729,735	$ 80,486,863
District's covered-employee payroll	$ 45,999,505	$ 43,726,322	$ 42,314,096	$ 43,979,286	$ 43,191,311	$ 41,128,188	$ 39,288,231	$ 37,976,024	$ 35,051,949
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	116%	85%	176%	166%	174%	180%	171%	158%	143%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2022, 2021, 2020, 2019, 2018, 2016, 2015 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10% and wage growth changed from 3.75% to 3.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2023
LAST 10 YEARS*

CalPERS Plan

	Fiscal Year								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
	Measurement date 2022	**Measurement date 2021**	**Measurement date 2020**	**Measurement date 2019**	**Measurement date 2018**	**Measurement date 2017**	**Measurement date 2016**	**Measurement date 2015**	**Measurement date 2014**
District's proportion of the net pension liability	0.2413%	0.2642%	0.2555%	0.2672%	0.2691%	0.2797%	0.2791%	0.2757%	0.2714%
District's proportionate share of the net pension liability	$ 83,044,607	$ 53,730,890	$ 78,388,816	$ 77,864,696	$ 71,747,866	$ 66,759,836	$ 55,122,423	$ 40,638,452	$ 30,810,508
District's covered-employee payroll	$ 38,746,159	$ 36,148,460	$ 37,757,134	$ 37,962,083	$ 36,703,058	$ 35,663,359	$ 33,475,412	$ 30,965,438	$ 29,799,775
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214%	149%	208%	205%	195%	187%	165%	131%	103%
Plan fiduciary net position as a percentage of the total pension liability	-70%	81%	70%	70%	71%	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2022 the discount rate changed from 7.15% to 6.90% in order to reflect long-term expected rate of return and expected pension fund cash flows. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions and inflation rates were changed. The inflation rate was lowered from 2.75% to 2.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023
LAST 10 YEARS*

CalSTRS Plan

	Fiscal Year								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 9,138,679	$ 7,687,433	$ 7,036,589	$ 7,234,088	$ 7,123,847	$ 6,213,226	$ 5,166,959	$ 4,208,991	$ 3,354,769
Contributions in relation to the contractually required contributions	(9,138,679)	(7,687,433)	(7,036,589)	(7,234,088)	(7,123,847)	(6,213,226)	(5,166,959)	(4,208,991)	(3,354,769)
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$
District's covered-employee payroll	$ 47,779,040	$ 45,999,505	$ 43,726,322	$ 42,314,096	$ 43,979,286	$ 43,191,311	$ 41,128,188	$ 39,288,231	$ 37,976,024
Contributions as a percentage of covered-employee payroll	19.13%	16.71%	16.09%	17.10%	16.20%	14.39%	12.56%	10.71%	8.83%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023
LAST 10 YEARS*

CalPERS Plan

	Fiscal Year								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 9,911,818	$ 8,656,129	$ 7,413,490	$ 7,388,619	$ 6,813,269	$ 5,667,937	$ 4,952,867	$ 3,965,995	$ 3,592,525
Contributions in relation to the contractually required contributions	(9,911,818)	(8,656,129)	(7,413,490)	(7,388,619)	(6,813,269)	(5,667,937)	(4,952,867)	(3,965,995)	(3,592,525)
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$
District's covered-employee payroll	$ 40,174,108	$ 38,746,159	$ 36,148,460	$ 37,757,134	$ 37,962,083	$ 36,703,058	$ 35,663,359	$ 33,475,412	$ 30,965,438
Contributions as a percentage of covered-employee payroll	24.67%	22.34%	20.51%	19.57%	17.95%	15.44%	13.89%	11.85%	11.60%

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. Department of Education:				
Student Financial Assistance Programs Cluster:				
Pell Grant Program	84.063	N/A	$ 10,976,026	$ 10,976,026
Supplemental Educational Opportunity Grant Program	84.007	N/A	405,508	405,508
Federal Work-Study Program	84.033	N/A	195,935	195,935
Direct Student Loan Program	84.268	N/A	597,941	597,941
Subtotal Student Financial Assistance Programs Cluster			12,175,410	12,175,410
Child Care Access Means Parents in School (CCAMPIS)	84.335	N/A	137,537	137,537
Education Stabilization Funds:				
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Portion	84.425E	N/A	3,538,116	3,538,116
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425E	N/A	4,096,934	4,096,934
Subtotal Education Stabilization Fund			7,635,050	7,635,050
Passed through Humboldt State University:				
Hispanic Serving Institute - Lanzamiento	84.031S	N/A	586,614	586,614
Hispanic Serving Institute - Avanzando	84.031C	N/A	761,307	761,307
Subtotal AL# 84.031			1,347,921	1,347,921
Passed through California Community Colleges Chancellor's Office (CCCCO):				
Title II-C	84.048	04-C01-061	710,110	710,110
Passed through California Department of Education:				
Adult Education (English As a Second Language)	84.002A	14508	380,645	380,645
Passed through Office of Migrant Education:				
High School Equivalency Program	84.141A	N/A	378,103	378,103
Passed through California Department of Rehabilitation:				
College to Career	84.126A	28109	290,000	290,000
Total U.S. Department of Education			23,054,776	23,054,776

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. Department of Health and Human Services:				
Passed through CCCCO:				
Temporary Assistance to Needy Families (TANF)	93.558	N/A	72,012	72,012
Passed through County of Sonoma:				
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	200,000	200,000
Subtotal 477 Cluster			272,012	272,012
Medical Administrative Activities - Medicaid Cluster	93.778	04-35070	1,349	1,349
Total U.S. Department of Health and Human Services			273,361	273,361
U.S Department of Commerce				
Economic Development Administration/FEMA				
North Bay Construction and Trades Employment Training Facility - Economic Development Cluster	11.307	N/A	2,207,601	2,207,601
Total U.S. Department of Commerce			2,207,601	2,207,601
U.S. National Science Foundation:				
Passed through City College of San Francisco:				
STEM Miles	47.076	DUE-1742635	172,839	172,839
Total U.S. National Science Foundation			172,839	172,839
U.S. Department of Agriculture:				
Passed through CSU Chico:				
Cal Fresh Outlet - SNAP Cluster	10.561	N/A	101,621	101,621
Passed through California Department of Education:				
Child and Adult Care Food Program	10.558	1800-1A	27,415	27,415
Total U.S. Department of Agriculture			129,036	129,036
U.S. Corporation of National and Community Service:				
National Service Trust Grant	94.006	N/A	32,555	32,555
Total U.S. Corporation of National and Community Service			32,555	32,555
Total Expenditures of Federal Awards			$ 25,870,168	$ 25,870,168

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
Affordable Student Housing Grant	$ 15,000,000	$ 15,000,000			$ 15,000,000	$ 15,000,000
Apprenticeship	529,204	529,204		$ 234,351	294,853	294,853
ARPA AB131	11,400	11,400		11,400		
Basic Needs		194,353			194,353	194,353
Basic Needs 22/23	416,307	416,307		252,076	164,231	164,231
Block Grant 00/01		671,833		671,833		
Bus Appren	489,394		$ 155,313		155,313	155,313
C19 Recover BG	13,628,928	13,628,928		13,514,519	114,409	114,409
CAEP 21/22		1,052,420			1,052,420	1,052,420
CAEP 22/23	1,121,275	1,121,275		984,881	136,394	136,394
Cal Grants	2,069,528	2,070,152		624	2,069,528	2,069,528
CalFresh SB 85		323			323	323
California College Promise	1,307,833	1,980,514		1,040,704	939,810	939,810
California Promise	652,450	652,450			652,450	652,450
CalWorks	461,297	477,716		213,890	263,826	263,826
Campus Safety Sexual Assault		9,729		9,729		
CDSS		14,500		14,500		
Child Development	1,064,051	1,071,966	45,803		1,117,769	1,117,769
Classified Professional Development		81,258		80,316	942	942
Cooperative Agency Resource Education	200,617	200,617		24,024	176,593	176,593
CTE Outcomes Survey	1,000,000		88,004	31,215	56,789	56,789
CTE SWP 22/23	1,183,765	355,130		209,540	145,590	145,590
CTE SWPR 21-22		143,918	596,021		739,939	739,939
CTEOS 2022	1,844,035	1,844,035			1,844,035	1,844,035
Cultural Competency Faculty PD		50,435			50,435	50,435
Disabled Student Program & Services	3,595,749	3,815,596		499,975	3,315,621	3,315,621
Dreamers		846		846		
EEO BP		208,333		172,814	35,519	35,519
EEO Innovation BP	150,000	150,000		150,000		
Emergency Relief Funds	1,812,291	2,621,313		2,521,658	99,655	99,655
Enrollment Growth	263,097	325,422			325,422	325,422
Extended Opportunity Program and Services	1,465,236	1,465,236		186,324	1,278,912	1,278,912
Faculty and Staff Diversity	138,888	226,719		121,435	105,284	105,284
Financial Aid Administration	622,222	652,930			652,930	652,930
Financial Aid Technology	59,584	67,086		67,086		
Full Time Student Success Grants	3,227,491	2,920,065	779,132	1,141,172	2,558,025	2,558,025
Guided Pathways	154,708	957,394		813,265	144,129	144,129
Guided Pathways 22/23	552,528	552,528		552,528		
Healthy Soils	37,448	27,506	9,942		37,448	37,448
IELM 21/22		3,385,458			3,385,458	3,385,458
IELM 22/23	5,587,839	5,587,839	(3,271,487)	2,316,352		
IEPI / Partnership Resource Team		162,449		155,365	7,084	7,084
IEPI Leadership Development		1,118		1,118		
Info Tech 22/23	50,000	50,000		39,796	10,204	10,204
Innovation Grant		30,214			30,214	30,214
Instructional Equip 07/08		47,193		47,193		
LAEP	2,485,353	2,485,353		2,483,736	1,617	1,617
Lcl Sytm 22/23	250,000	250,000		241,986	8,014	8,014
LGBTQ+		146,890		130,982	15,908	15,908
Lib Srv Plat		10,860		6,087	4,773	4,773
Mental Health		371,675		235,703	135,972	135,972
Mental Health 22/23	358,141	358,141		358,141		
MESA	281,648	497,639	28,000	394,707	130,932	130,932

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
MESA Schools Pilot Program		7,948		7,948		
MHSA - CalVet	294,820	87,194	43,826		131,020	131,020
MHSA-PEI	200,000	136,230	63,770		200,000	200,000
Microgrid Demo Project	2,929,109		518,211		518,211	518,211
Native American	600,000	600,000		600,000		
NextUp	524,338	524,338		49,603	474,735	474,735
Regional CFC	50,000	30,339	19,661		50,000	50,000
RERP	149,230					
Retention and Enrollment	3,220,033	4,649,984		4,051,664	598,320	598,320
Rising Scholars	160,000	160,000		87,193	72,807	72,807
RJV Cannabis Initiative	88,795		88,862		88,862	88,862
SCECE	486,912		4,100		4,100	4,100
Scheduled Maintenance 21/22		4,875,194		2,287,125	2,588,069	2,588,069
Scheduled Maintenance 22/23	100,000	10,000,000		9,996,400	3,600	3,600
Schl Fds Pre-App	124,928	1,727			1,727	1,727
SEA Year 1	6,426,583	6,426,583		3,905,456	2,521,127	2,521,127
SEA Year 2		2,731,464			2,731,464	2,731,464
Std Food/House	145,695	295,650		147,727	147,923	147,923
Stud FHS 22/23	295,720	295,720		295,720		
SWP Local 21-22		1,776,300		513,448	1,262,852	1,262,852
SWP Local 22/23	2,197,755	2,197,755		1,247,012	950,743	950,743
Textbook Affordability Program		24,356		24,356		
Undocumented Resources Liaison	151,368	151,368		17,829	133,539	133,539
Veterans Resource Center	100,531	274,312		168,486	105,826	105,826
VRC one-time		52,373		15,306	37,067	37,067
YESS-ILP	22,500	20,592	1,908		22,500	22,500
ZTC	20,000	20,000		20,000		
Ztc 1	180,000	180,000		180,000		
	$ 80,540,624	$ 104,473,693	$ (828,934)	$ 53,547,144	$ 50,097,615	$ 50,097,615

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2023

STATE GENERAL APPORTIONMENT	Reported Data	Audit Adjustments	Revised Data
Categories			
A. Summer Intersession (Summer 2022 Only)			
1. Noncredit	466.96		466.96
2. Credit	981.81		981.81
B. Summer Intersession (Summer 2023, Prior to July 1, 2023)			
1. Noncredit	0.00		0.00
2. Credit	3.33		3.33
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	3,786.11		3,786.11
(b) Daily Census Contact Hours	335.78		335.78
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2,399.08	(104.44)	2,294.64
(b) Credit	1,080.89		1,080.89
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	2,657.06		2,657.06
(b) Daily Census Procedure Courses	1,399.11		1,399.11
(c) Noncredit Independent Study	0.00		0.00
D. Total Full-Time Equivalent Students	13,110.13	(104.44)	13,005.69
Supplemental Information			
E. In-service Training Courses (FTES)	349.40		349.40
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	461.72		461.72
(b) Credit	40.05		40.05
CCFS 320 Addendum			
CDCP Noncredit FTES	568.47		568.47
Centers FTES			
(a) Noncredit	146.76		146.76
(b) Credit	1,619.03		1,619.03

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2023

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries:							
Contract or Regular	1100	$ 25,580,513		$ 25,580,513	$ 25,580,513		$ 25,580,513
Other	1300	19,496,043		19,496,043	19,778,249		19,778,249
Total Instructional Salaries		45,076,556		45,076,556	45,358,762		45,358,762
Non-Instructional Salaries:							
Contract or Regular	1200				10,771,062		10,771,062
Other	1400				1,607,436		1,607,436
Total Non-Instructional Salaries					12,378,498		12,378,498
Total Academic Salaries		45,076,556		45,076,556	57,737,260		57,737,260
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				22,320,835		22,320,835
Other	2300				1,452,796		1,452,796
Total Non-Instructional Salaries					23,773,631		23,773,631
Instructional Aides:							
Regular Status	2200	2,693,309		2,693,309	3,095,528		3,095,528
Other	2400	554,853		554,853	554,853		554,853
Total Instructional Aides		3,248,162		3,248,162	3,650,381		3,650,381
Total Classified Salaries		3,248,162		3,248,162	27,424,012		27,424,012
Employee Benefits	3000	16,416,219		16,416,219	34,919,980		34,919,980
Supplies and Materials	4000				1,601,286		1,601,286
Other Operating Expenses	5000	1,097,613		1,097,613	11,439,137		11,439,137
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		65,838,550		65,838,550	133,121,675		133,121,675

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2023

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude:							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	898,484		898,484			
Student Health Services Above Amount Collected	6441				6,373		6,373
Student Transportation	6491				181,911		181,911
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740						
Objects to Exclude:							
Rents and Leases	5060						
Lottery Expenditures:							
Academic Salaries	1000				773,715		773,715
Classified Salaries	2000				2,056,545		2,056,545
Employee Benefits	3000				1,757,360		1,757,360
Supplies and Materials:	4000						
Software	4100						
Books, Magazines, & Periodicals	4200						
Instructional Supplies & Materials	4300						
Noninstructional Supplies & Materials	4400						
Total Supplies and Materials							
Other Operating Expenses and Services	5000						
Capital Outlay:	6000						
Library Books	6300						
Equipment:	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay							
Other Outgo	7000						
TOTAL EXCLUSIONS		898,484		898,484	4,775,904		4,775,904
Total for ECS 84362, 50% Law		$ 64,940,066	$	$ 64,940,066	$ 128,345,771	$	$ 128,345,771
Percent of CEE (Instructional Salary Cost / Total CEE)		50.60%		50.60%	100%		100%
50% of Current Expense of Education					$ 64,172,886		$ 64,172,886

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF EDUCATION PROTECTION ACCOUNT EXPENDITURES TO DISTRICT ACCOUNTING RECORDS YEAR ENDED JUNE 30, 2023

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				$ 22,810,829
Activity Classification	**Activity Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 22,810,829			22,810,829
Total Expenditures for EPA*		$ 22,810,829	$	$	22,810,829
Revenues less Expenditures					$

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS
TO NET POSITION
YEAR ENDED JUNE 30, 2023

Fund Balance:	
General Fund	$ 33,150,377
Farm Operation Fund	467,136
Revenue Bond Project Fund	527,030
Other Special Revenue Fund	131,126
Capital Outlay Projects Fund	14,468,552
General Obligation Bond Fund	87,778,901
Self-Insurance Fund	1,154,506
Other Internal Service Fund	2,930,124
Associated Students Fund	354,149
Student Rep Fee Fund	142,886
Student Center Fee Fund	145,478
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	141,250,265
Net audit adjustments:	
Entry to accrue Club/Trust expenditure	(4,875)
Total Fund Balance	141,245,390
Reconciliation to Net Position:	
Restricted Cash and Deposits Held in Escrow	53,235,564
Total OPEB Liability	(40,350,380)
Interest Payable	(6,689,653)
Capital Assets, Net	563,320,709
Removed Fiduciary Fund Balances	(158,923)
Early Retirement Incentive	(1,633,776)
Deferred Charge on Refunding	6,635,174
Deferred Outflows of Resources Related to Pensions	38,133,778
Deferred Outflows of Resources Related to OPEB	11,398,088
Deferred Inflows of Resources Related to OPEB	(7,159,563)
SBITA Liability	(5,252,513)
Deferred Inflows of Resources Related to Pensions	(15,461,495)
Long Term Compensated Absences	(2,711,635)
Net Pension Liability	(136,548,827)
Bonds Payable	(427,760,422)
Total Net Position	$ 170,241,516

See the accompanying notes to supplemental information.

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2023, was conducted in accordance with Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, which requires disclosure of the financial activities of all federally funded programs, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.
- Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2023.

Schedule of State Financial Assistance

The California Community Colleges Chancellor's Office requires disclosure of the financial activities of all state funded programs. To comply with this requirement, the Schedule of State Financial Assistance is presented.

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

Full-time equivalent students (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 are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of ECS 84362 (50 Percent Law) Calculation

The Reconciliation of ECS 84362 (50 Percent Law) Calculation form shows the annual reported data from the CCFS-311 and any audit adjustments.

Reconciliation of Education Protection Account Expenditures to District Accounting Records

This reconciliation of Education Protection Account Expenditures shows the annual general apportionment and the expenditures the District applied toward the apportionment.

Reconciliation of Governmental Funds to Net Position

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

OTHER INDEPENDENT AUDITOR'S REPORTS

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*

Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District (the District), as of and for the year ended June 30, 2023, 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 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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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.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 7, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sonoma County Junior College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 7, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH THE CONTRACTED DISTRICT AUDIT MANUAL

Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California

Report on Compliance with Applicable Requirements

Opinion on State Compliance

We have audited the Sonoma County Junior College District's (the District) compliance with the types of compliance requirements identified as subject to audit in Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office identified in the schedule below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2023.

Basis for Opinion on State Compliance

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 Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Contracted District Audit Manual, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

In connection with the requirements referred to above, we have selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

- SCFF Data Management Control Environment
- SCFF Supplemental Allocation Metrics
- SCFF Success Allocation Metrics
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded from Other Sources
- Student Centered Funding Formula Base Allocation: FTES
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)

- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds
- Student Representation Fee
- State Fiscal Recovery Fund
- COVID-19 Response Block Grant Expenditures

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with State Compliance Requirements, of the *Contracted District Audit Manual,* issued by the California Community Colleges Chancellor's Office and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the types of compliance requirements referred to above is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 7, 2023

FINDINGS AND RECOMMENDATIONS SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X 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 2CFR 200.516(a)?	____ Yes	X No

Identification of major programs

Assistance Listing Numbers	Name of Federal Programs or Cluster
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Programs Cluster
11.307	Economic Development Administration/FEMA – North Bay Constructions and Trades Employment and Training Facility
84.031S, 84.031C	Hispanic Serving Institute
84.425E	COVID-19 Higher Education Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs:	$776,105	
Auditee qualified as low-risk auditee?	X Yes	____ No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified?	______ Yes	X None Reported
Any audit findings disclosed that are required to be disclosed in accordance with Contracted District Audit Manual?	X Yes	______ No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – FEDERAL COMPLIANCE

There were no federal compliance findings reported.

SECTION IV – STATE COMPLIANCE

2023-001: APPORTIONMENT FOR ACTIVITIES FUNDED FROM OTHER SOURCES

Criteria:

Community college districts may claim full-time equivalent students (FTES) and state apportionment for courses given through instructional service agreements/contracts provided that California Education Code and title 5 requirements are met. The regulations are contained in California Education Code sections 78015, 84752 and California Code of Regulations, title 5, sections 51006, 53410, 55002, 55003, 55005, 55300, 58050, 58051(c)–(g), 58051.5, 58055, 58056, 58058(b), 58102-58106, 58108. These regulations require the college or district to maintain written agreements/controls with contractors providing instruction.

Condition/Cause:

Documentation for a signed Instructional Service Agreement for 1 of 6 classes tested was not able to be located. The agreement had been drafted and signed by all parties, however, due to a filing error, the executed agreement was not able to be reviewed during the audit process. This error appears to be isolated in nature as the remaining agreements were readily available for testing and review.

Effect:

The District’s noncredit FTES is overreported by 104.44 for the course noted.

Questioned Costs:

Total overreported actual hours attendance noncredit FTES for the course noted above is 104.44, which based on the District's funding per noncredit FTES of $4,081.79, which is equal to $426,322.56.

Recommendation:

We recommend the District implement processes to ensure completed instructional service agreements are appropriately tracked and maintained.

Management's Response:

The District agrees with the finding and recommendation. The District has created and is implementing processes and procedures to ensure compliance going forward. The contracts will be routed by the Purchasing Department rather than the staff in the Department of Career Education and Workforce Development. This will ensure all executed contracts are stored in accordance with District contract retention processes. Additionally, the staff in the Department of Career Education and Workforce Development are implementing internal procedures to ensure that all Instructor of Record contracts are fully executed and filed prior to instruction beginning (in coordination with the Purchasing Department).

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

FEDERAL COMPLIANCE

There were no federal compliance findings reported in the prior year.

STATE COMPLIANCE

There were no state compliance findings reported in the prior year.