

**SONOMA COUNTY
JUNIOR COLLEGE DISTRICT
SANTA ROSA, CALIFORNIA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2025**

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

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SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION JUNE 30, 2025

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, SRJC Roseland in Southwest Santa Rosa, 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
Ezrah Chaaban	President	2026
Michael Valdovinos	Vice President	2026
Mariana Martinez	Clerk	2028
André Bailey	Member	2028
Dorothy Battenfeld	Member	2026
Erin Bricker	Member	2028
Maggie Fishman	Member	2026
Kaya Clark	Student Member	2026

ADMINISTRATION

Dr. Angélica Garcia Superintendent/President
 Robert Holcomb..... Vice President of Academic Affairs/Assistant Superintendent
 Kate JolleyVice President of Finance & Administrative Services/Assistant Superintendent
 Alia Dunphy..... Vice President of Human Resources
 Dr. Molly Senecal 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	S Laggos, Executive Director

FINANCIAL SECTION

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, 2025, 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, 2025, 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. The financial statements of the District's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026, 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
Sacramento, California**

February 6, 2026

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and results of operations of the Sonoma County Junior College District for the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and related notes that follow this section.

The Sonoma County Junior College District (the District), commonly known as Santa Rosa Junior College (SRJC), is a public two-year community college serving approximately 33,700 students. The District operates two main campuses located in Santa Rosa and Petaluma, California, as well as two centers: the Public Safety Training Center in Windsor, California, and the Robert Shone Agricultural Center in Forestville, California. The District also operates its newest site, SRJC Roseland. SRJC offers a broad range of associate degree and certificate programs, coursework toward the first two years of a bachelor's degree, and classes that support workforce preparation, lifelong learning, and personal enrichment.

Reporting Highlights

The annual report includes three basic financial statements that present the District's financial position and activities on a District-wide basis: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements present information for all funds of the District, except for fiduciary funds, which are reported separately. Each statement is presented in a consolidated format, as required by GASB, and is discussed individually in the sections that follow. The information below is provided to assist readers in understanding the financial statements and the overall financial position of the District.

- ❖ In 2023/24, the District implemented GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objective of this statement is to improve the accounting and financial reporting for public-private and public-public partnership arrangements. The District has one public-private partnership, Polly O'Meara Doyle Hall, which provides student housing.
- ❖ In 2024/25, the District implemented GASB Statement No. 101, Compensated Absences. The objective of this statement is to improve the recognition and measurement of compensated absences, including vacation, sick leave, and other leave-related obligations. GASB Statement No. 101 replaces previous guidance and clarifies when compensated absences should be recognized as liabilities, resulting in more consistent, transparent, and comparable financial reporting. Implementation of this standard required a restatement of prior period balances to properly reflect accumulated leave obligations attributable to prior-year activity.

District's Fiduciary Responsibility

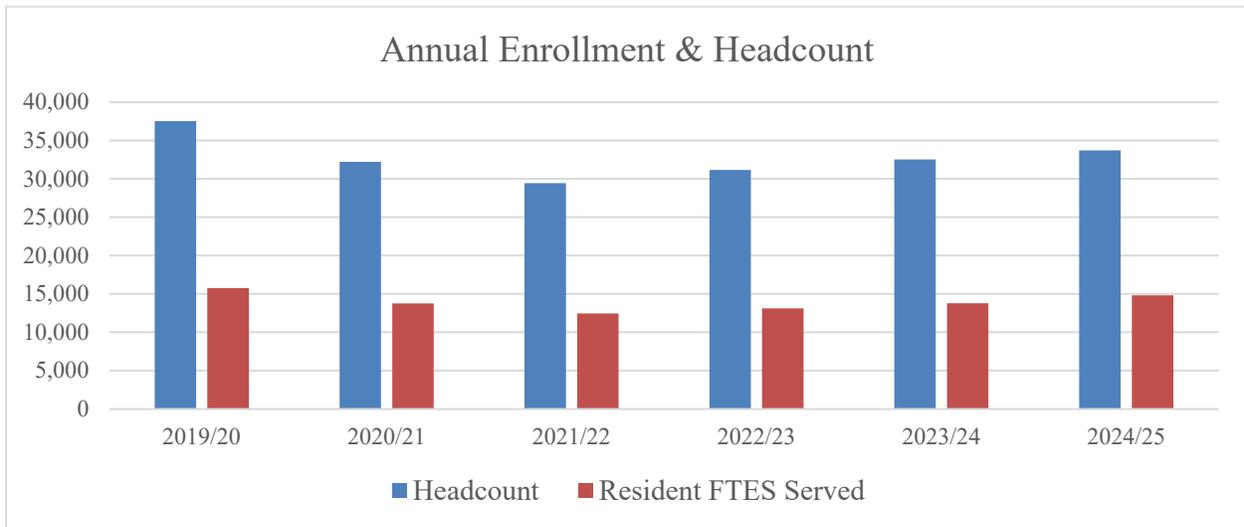
- ❖ The District acts as a trustee, or fiduciary, for certain resources held on behalf of students, student organizations, and donors, including funds related to student loans and scholarships. The District's fiduciary activities are reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position and are excluded from the District's other financial statements because these assets are not available to finance District operations. The District is responsible for ensuring that the assets reported in fiduciary funds are used solely for their intended purposes. Following the implementation of GASB Statement No. 84, the District's only fiduciary fund consists of Club and Trust accounts administered through the Student Government Assembly.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Attendance Highlights

- ❖ The District experienced steadily declining enrollment beginning in 2009/10. Despite multiple efforts to increase Full-Time Equivalent Students (FTES), enrollment did not return to previously funded levels. As a result, the District implemented a Long-Range Plan for Fiscal Stability to align the size and operations of the college with its actual student population. Actual FTES served declined from a high of 21,684 in 2008/09 to 17,291 in 2018/19, representing a decrease of approximately 20 percent. The onset of the COVID-19 pandemic in spring 2020 further accelerated enrollment declines, with FTES falling to 13,757 in 2020/21 and 12,454 in 2021/22. Following the implementation of the Strategic Enrollment Management Plan, the District began to see enrollment recovery, with FTES increasing to 13,110 in 2022/23, 13,775 in 2023/24, and 14,816 in 2024/25.
- ❖ The resident FTES presented in the accompanying chart reflect actual resident FTES served by the District. These figures differ from funded FTES due to factors such as summer enrollment shifts, workload reductions, hold harmless provisions, and emergency conditions waivers.



Financial Aid and Doyle Scholarships

For the years ended June 30, 2025 and 2024, the following sources of student financial aid were disbursed:

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
Federal	\$ 21,052,747	\$ 15,271,937	\$ 5,780,810	37.85%
State	7,875,972	6,077,208	1,798,764	29.60%
Scholarships	4,276,596	4,063,556	213,040	5.24%
Total	<u>\$ 33,205,315</u>	<u>\$ 25,412,701</u>	<u>\$ 7,792,614</u>	<u>30.66%</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Federal financial aid programs available to students include the Pell Grant, Supplemental Educational Opportunity Grant (SEOG), Federal Family Education Loans, National Service Trust, and Federal Work-Study programs. State-administered aid includes Full-Time Student Success Grants, Promise Grants, Emergency Relief Funds, and the Cal Grant Program. In addition to federal and state aid, scholarship support is provided through the Doyle Scholarship funds, which are derived from the Frank P. Doyle and Polly O'Meara Doyle Trust. Slightly more than fifty percent of the annual dividends generated from common stock held in Exchange Bank are distributed to the Doyle Trust and subsequently awarded to Santa Rosa Junior College students in the form of scholarships. In 2024/25, a total of 5,751 scholarships were accepted by students.

Capital Assets

❖ Measure A General Obligation Bond Program.

The \$251.7 million Measure A General Obligation Bond program was fully expended in 2016/17. The District issued the 2002 General Obligation Bonds in four series: Series A in the amount of \$60.0 million on February 4, 2003; Series B in the amount of \$105.0 million on October 13, 2005; Series C in the amount of \$69.71 million on September 17, 2007; and Series D in the amount of \$16.99 million on April 2, 2008. As of June 30, 2025, \$82.0 million of Measure A bonds remained outstanding, with final debt service payments scheduled for 2029/30.

❖ Measure H General Obligation Bond Program.

The \$410.0 million Measure H General Obligation Bond was approved by voters in November 2014, and the District subsequently issued bonds in three series: \$125.0 million in December 2016, \$180.0 million in November 2019, and a final issuance of \$95.0 million on November 8, 2022, including Series C-1 of \$10.0 million designated to support the District's long-term technology needs. As of June 30, 2025, \$254.0 million of Measure H bonds remained outstanding, with final debt service payments scheduled through 2041/42. During 2024/25, the District continued major capital investments as the bond program winds down, including the Tauzer renovation and other construction, maintenance, and technology projects, resulting in \$33.7 million in capital asset additions, of which \$31.6 million related to construction costs and land improvements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Statement of Net Position

The Statement of Net Position presents the District's 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, defined as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is a key indicator of the District's overall financial health.

	2025	2024	Change
Assets			
Current assets	\$ 165,251,038	\$ 181,988,203	\$ (16,737,165)
Non-current assets	724,868,349	734,183,012	(9,314,663)
Total Assets	890,119,387	916,171,215	(26,051,828)
Deferred Outflow of Resources	\$ 58,645,985	\$ 57,823,634	\$ 822,351
Liabilities			
Current liabilities	\$ 102,703,951	\$ 114,450,637	\$ (11,746,686)
Non-current liabilities *	524,340,206	565,398,858	(41,058,652)
Total Liabilities	627,044,157	679,849,495	(52,805,338)
Deferred Inflow of Resources	82,346,956	85,038,353	(2,691,397)
Net Position			
Invested in capital assets, net of related debt	280,797,305	260,012,332	20,784,973
Restricted	85,894,659	80,290,521	5,604,138
Unrestricted *	(127,317,705)	(131,195,852)	3,878,147
Total Net Position	\$ 239,374,259	\$ 209,107,001	\$ 30,267,258

*Restated 2024 to reflect the implementation of GASB Statement No. 101 recognition of cumulative employee paid sick leave.

Current assets at June 30, 2025 consist of the following:

- ❖ Current cash and cash equivalents, mainly held at the county treasury, total \$140.7 million.
- ❖ Restricted cash and cash equivalents which include the General Obligation debt service fund held for current repayments of the bonds (\$43.6 million).
- ❖ Accounts receivables which include amounts due from grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable decreased by \$9.9 million over prior year, due mainly to the timing of payments from the state for the capital outlay projects, timing for grants payments and from the state for apportionment revenue.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Non-current assets consist of the following:

- ❖ Restricted cash and cash equivalents which consist of cash in the Bond Funds (\$38.4 million) and tax revenues collected by the county for payment of Measures A and H, General Obligation Bonds principal and interest in future years (\$18.5 million).
- ❖ A non-current accounts receivable of \$67.4 million related to Polly O'Meara Doyle Hall after the implementation of GASB 94.
- ❖ 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 the following:

- ❖ Accounts payable totaling \$16.25 million, consisting primarily of amounts due to vendors of \$12.2 million and employees of \$4.05 million. Accounts payable decreased by \$7.04 million from the prior year, primarily due to reduced construction activity and the payment of a prior-year payable related to funds returned to the State.
- ❖ The current portion of long-term obligations, including interest payable of \$5.55 million and principal payments of \$29.8 million related to bonds, the current portion of lease liabilities of \$1.56 million, and the current portion of compensated absences of \$7.7 million. Compared to the prior year, interest payable decreased by \$523 thousand and the current portion of bond principal decreased by \$1.26 million. Additional information on the District's debt is provided in the notes to the financial statements.
- ❖ Unearned revenue related to federal, state and local program funding received but not yet earned as of fiscal year-end. Grant revenues are generally earned as eligible expenditures are incurred, up to the awarded amount. Unearned revenue also includes deferred student fees for the Summer and Fall 2025 semesters totaling \$1.25 million. Unearned revenue decreased by \$7.47 million from the prior year due to reductions in unexpended grant and other restricted funds.

Non-current liabilities represent obligations due one year or more from the statement date and include the following major components:

- ❖ Long-term debt related to Measures A and H General Obligation Bonds totaling \$306.2 million.
- ❖ Net pension liability recognized in accordance with GASB Statement No. 68 totaling \$128.9 million.
- ❖ Other post-employment benefits liability recognized under GASB Statement No. 75 totaling \$45.5 million.
- ❖ The long-term portion of compensated absences, including the adjustment required by GASB Statement No. 101, totaling \$18.3 million.
- ❖ The long-term portion of lease liabilities totaling \$1.62 million.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Additional detail regarding the District's long-term liabilities, including related deferred inflows and deferred outflows of resources resulting from various GASB Statement implementations, is provided in the notes to the financial statements.

Analysis of the District's Financial Position

Net position represents the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources and is a key indicator of the District's overall financial condition. Net position is reported in three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets totaled \$280.8 million and consists of capital assets, net of accumulated depreciation, reduced by outstanding capital-related debt, net of unspent bond proceeds. The restricted portion of net position includes resources that are legally restricted for specific purposes, including debt service of \$62.1 million, capital projects of \$19.2 million, public-private partnership obligations of \$3.23 million, health services of \$734 thousand, and student accounts of \$648 thousand. The unrestricted portion of net position totaled negative \$127.3 million and represents resources not subject to external restrictions, although such resources may be designated by the Board of Trustees for contingencies and other specific purposes.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the District's operating revenues and expenses, as well as non-operating revenues and expenses. Although state general apportionment funds support the District's operating activities, generally accepted accounting principles require these revenues to be reported as non-operating.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Total operating revenues	\$ 98,035,699	\$ 91,268,734	\$ 6,766,965
Total operating expenses *	<u>262,159,885</u>	<u>262,910,109</u>	<u>(750,224)</u>
Operating income (loss)	\$ (164,124,186)	\$ (171,641,375)	\$ 7,517,189
Total non-operating revenues (expenses)	\$ 140,672,306	\$ 150,205,248	\$ (9,532,942)
Income before other revenues, expenses, gains or losses	\$ (23,451,880)	\$ (21,436,127)	\$ (2,015,753)
Capital revenues	<u>\$ 53,719,138</u>	<u>\$ 60,301,612</u>	<u>\$ (6,582,474)</u>
Increase (Decrease) in net assets	\$ 30,267,258	\$ 38,865,485	\$ (8,598,227)
Net Position - Beginning of year *	<u>209,107,001</u>	<u>170,241,516</u>	<u>38,865,485</u>
Net Position - End of year	<u>\$ 239,374,259</u>	<u>\$ 209,107,001</u>	<u>\$ 30,267,258</u>

*Restated 2024 to reflect the implementation of GASB Statement No. 101 recognition of cumulative employee paid sick leave.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

- ❖ Operating revenues primarily consist of student tuition and fees and auxiliary enterprise revenues. Net tuition and fee revenue increased to \$12.3 million during the year. Enrollment fees are established by the State Legislature for all California community colleges and were \$46 per unit in 2024/25. Auxiliary enterprise sales and charges totaled \$2.3 million and consist primarily of agricultural and farm-related sales.
- ❖ Operating expenses reflect the cost of providing instructional programs, student services, institutional support, operation and maintenance of facilities, and auxiliary operations. Total operating expenses are largely driven by employee-related costs, including salaries, benefits, and pension contributions, as well as supplies, services, and depreciation. Total operating expenses decreased to \$262.2 million in 2024/25, a decrease of \$750 thousand from the prior year. The decrease was driven primarily by higher personnel costs, increased student financial aid, and depreciation, offset by the restated expenses related to the implementation of GASB 101.
- ❖ Non-operating revenues consist primarily of state and local funding sources that support District operations. State apportionments, which represent total state general apportionment revenue earned net of property taxes and enrollment fees, totaled \$21.3 million. Education Protection Account (EPA) revenues totaled \$29.0 million, and property tax revenues totaled \$86.1 million. Compared to the prior year, state apportionment revenue decreased by \$16.3 million, while property tax revenue increased by \$6.9 million and EPA revenue increased by \$4.9 million.
- ❖ Investment income, excluding capital-related investment earnings, includes a net gain of \$2.78 million resulting from the required adjustment of cash and investments to fair market value in accordance with GASB Statement No. 31.
- ❖ Additional detail on revenues and operating expenses by natural classification, such as salaries and benefits, supplies, services, and depreciation, as well as by functional category, is presented on the following three pages.

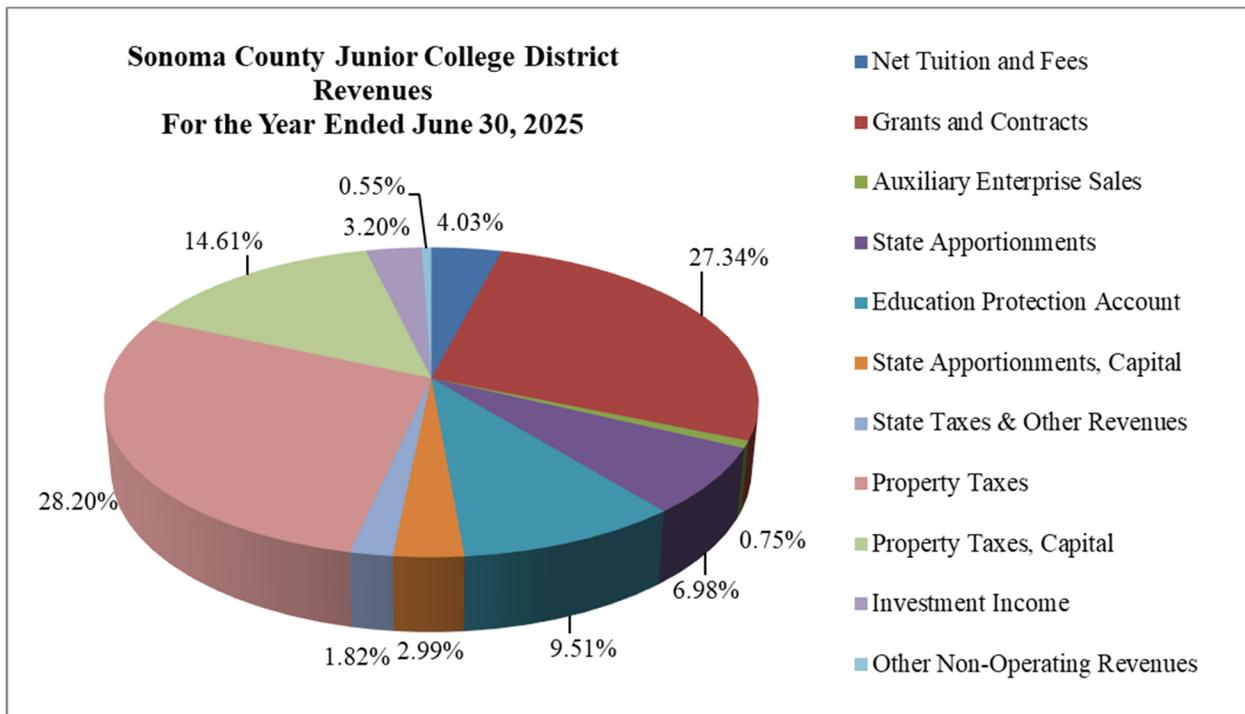
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Revenues

For the Year Ended June 30, 2025

Net Tuition and Fees	\$	12,313,627
Grants and Contracts		83,425,699
Auxiliary Enterprise Sales		2,296,372
State Apportionments		21,315,510
Education Protection Account		29,029,647
State Apportionments, Capital		9,121,231
State Taxes & Other Revenues		5,547,461
Property Taxes		86,071,471
Property Taxes, Capital		44,597,907
Investment Income		9,777,253
Other Non-Operating Revenues		<u>1,684,776</u>
 Total Revenues	 \$	 <u><u>305,180,954</u></u>



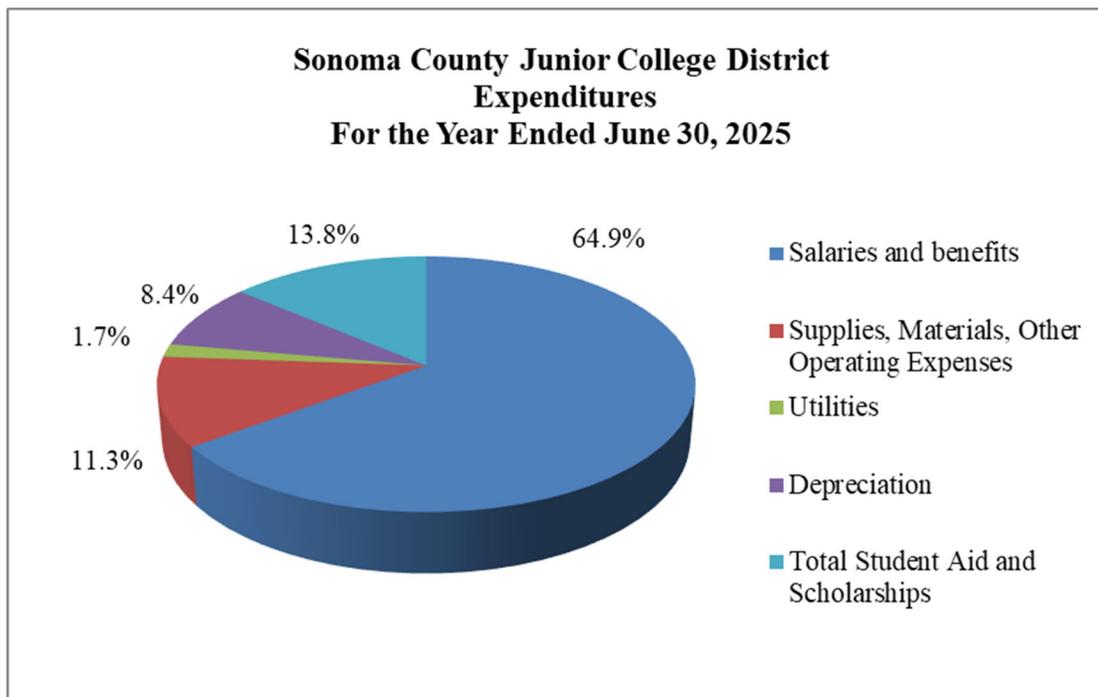
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Operating Expenses (by natural classification)

For the Year Ended June 30, 2025

Salaries	\$ 123,501,101
Employee Benefits	46,526,815
Supplies and Materials	9,948,760
Other Operating Expenses and Services	19,649,540
Utilities	4,327,979
Depreciation	21,931,645
Total Student Aid and Scholarships	<u>36,274,045</u>
 Total Operating Expenses	 <u><u>\$ 262,159,885</u></u>



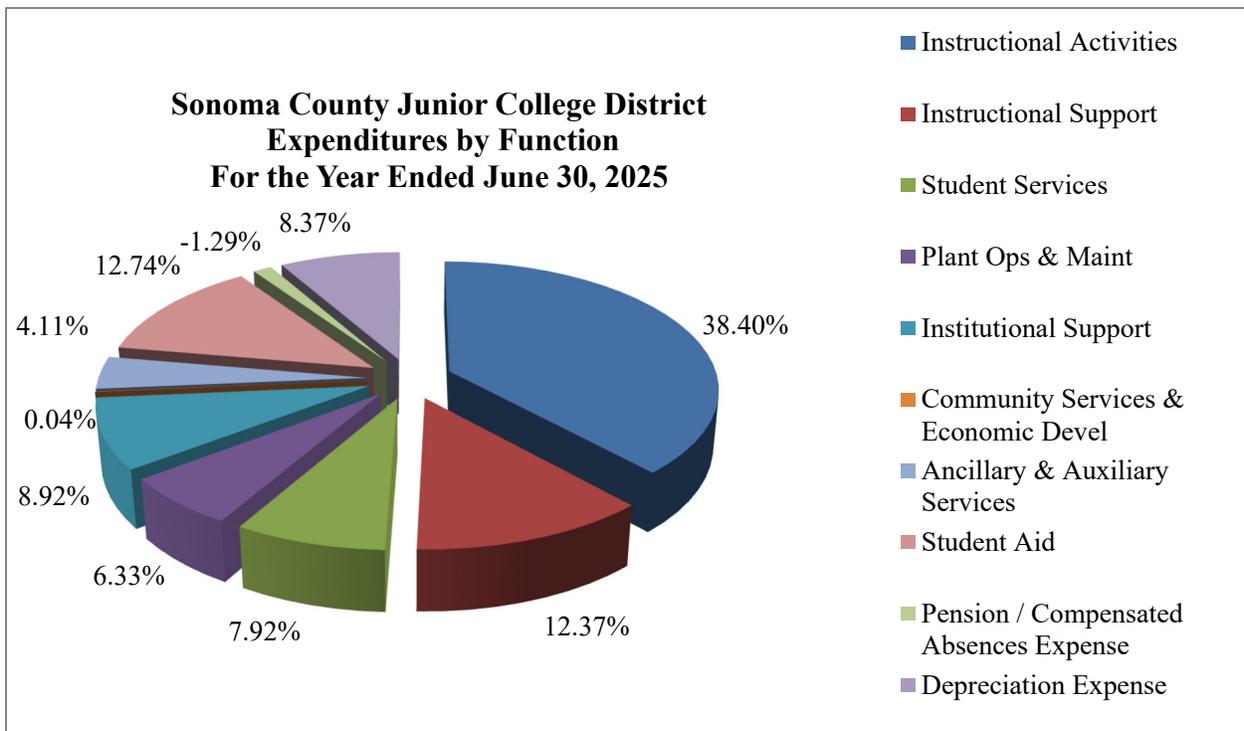
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Operating Expenses (by function)

For the Year Ended June 30, 2025

Instructional Activities	\$ 100,669,728
Instructional Support	32,438,904
Student Services	20,773,062
Plant Ops & Maint	16,592,032
Institutional Support	23,378,431
Community Services & Economic Devel	109,541
Ancillary & Auxiliary Services	10,774,604
Student Aid	33,399,900
Pension / Compensated Absences Expense	(3,391,695)
Depreciation Expense	21,931,645
Bond Costs	<u>5,483,733</u>
 Total	 <u><u>\$ 262,159,885</u></u>



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

Statement of Cash Flows

The Statement of Cash Flows presents information about the District’s cash receipts and cash disbursements during the fiscal year and assists users of the financial statements in assessing the District’s ability to generate net cash flows, meet its obligations as they come due, and evaluate its need for external financing.

	For the Years Ended June 30,		
	2025	2024	Change
Net Cash provided (Used) By:			
Operating activities	\$ (158,126,184)	\$ (166,455,002)	\$ 8,328,818
Non-capital financing activities	144,226,025	143,574,748	651,277
Capital and related financing activities	(20,035,146)	(30,020,768)	9,985,622
Investment activities	5,920,933	8,569,920	(2,648,987)
Net increase (decrease) in cash	(28,014,372)	(44,331,102)	16,316,730
Cash - Beginning of the fiscal year	226,588,044	270,919,146	(44,331,102)
Cash - End of the fiscal year	\$ 198,573,672	\$ 226,588,044	\$ (28,014,372)

- ❖ Net cash used for operating activities decreased by \$8.3 million compared to the prior year. This decrease was primarily attributable to changes in the timing of grant-related receipts and payments made to, or on behalf of, suppliers and employees.
- ❖ Net cash provided by noncapital financing activities, which primarily consists of state apportionments and property tax revenues, increased by \$651 thousand from the prior year, largely due to timing differences in the receipt of payments.
- ❖ Capital and related financing activities include cash inflows from local property taxes collected for debt service, state apportionments for capital purposes, and interest earned on capital investments. During the year, cash outflows totaled \$78.8 million, consisting of \$33.6 million for the purchase of capital assets and \$45.2 million for principal and interest payments on capital debt. Cash inflows totaled \$60.2 million and were comprised of \$11.8 million in state apportionments for capital purposes, \$44.5 million in property tax revenues, and \$3.86 million in interest earned on capital investments.

Economic Factors That May Affect the Future

- ❖ The Student-Centered Funding Formula (SCFF) was implemented for the California Community College system in 2018/19. While the formula initially would have resulted in a reduction in funding for the District, emergency condition waivers and multiple hold harmless provisions temporarily protected District revenues. In 2022/23, the State adopted hold harmless reform that established a new funding floor based on each district’s 2024/25 funding level, below which funding cannot decline. As a result of enrollment-related revenue losses under SCFF, the District has budgeted an \$8 million reduction in accumulated fund balance in 2025/26 to offset ongoing revenue shortfalls while efforts continue to restore funded FTES levels.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

- ❖ Student attendance has declined steadily since the wildfires and was further exacerbated by the COVID-19 pandemic beginning in spring 2020. While the return to in-person instruction has resulted in a measurable increase in enrollment, the District remains significantly smaller than its pre-pandemic size. In response to student needs and the related financial impacts, the District developed and implemented a Strategic Enrollment Management Plan with the goal of restoring enrollment to approximately 17,500 FTES, the level needed to fully achieve funded enrollment. The District experienced incremental FTES growth from 2022/23 through 2024/25 and is projecting continued growth in 2025/26; however, enrollment has not yet returned to the funded level, creating ongoing fiscal pressure.
- ❖ The District issued the final series of the Measure H bond program in 2022/23. While Series C-1 was structured to address the District's longer-term technology needs into the near future, significant facilities and deferred maintenance needs remain unfunded. Absent a future local bond measure or a sustained and reliable state commitment to fully fund scheduled maintenance programs, the District's ability to address aging facilities and infrastructure needs will remain constrained.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2025

	Primary Institution	Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 95,998,861	\$ 21,520,199
Restricted cash and cash equivalents	43,639,840	
Cash with trustee	1,110,276	
Deposits held in escrow	969,344	
Accounts receivable	22,574,525	1,065,475
Current portion of pledges receivable		280,000
Inventory	97,149	
Prepaid expenses	861,043	
Total current assets	165,251,038	22,865,674
Noncurrent assets:		
Restricted cash and cash equivalents	56,855,351	
Restricted investments		79,085,775
Endowment fund		1,164,435
Receivable related to public-private partnership	67,391,046	
Pledges receivable		516,021
Charitable remainder trust assets		2,528,764
Nondepreciable capital assets	61,612,458	
Depreciable capital assets, net	539,009,494	
Total noncurrent assets	724,868,349	83,294,995
TOTAL ASSETS	890,119,387	106,160,669
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on refunding	4,750,204	
Deferred outflows of resources related to OPEB	12,872,064	
Deferred outflows of resources related to pensions	41,023,717	
Total deferred outflows of resources	58,645,985	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	948,765,372	106,160,669
LIABILITIES		
Current liabilities:		
Accounts payable	16,846,236	649,264
Unearned revenue	39,480,070	
Interest payable	5,549,661	
Amounts held on behalf of others	1,741,024	2,018,631
Long-term liabilities due within one year	39,086,960	
Total current liabilities	102,703,951	2,667,895
Noncurrent liabilities:		
Total OPEB liability	45,485,074	
Net pension liability	128,961,092	
Long-term liabilities	349,894,040	
Total noncurrent liabilities	524,340,206	
TOTAL LIABILITIES	627,044,157	2,667,895
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to charitable remainder trusts		2,528,764
Deferred inflows of resources related to OPEB	4,929,021	
Deferred inflows of resources related to pensions	13,256,043	
Deferred inflows of resources related to public-private partnership	64,161,892	
Total deferred inflows of resources	82,346,956	2,528,764
NET POSITION:		
Net investment in capital assets	280,797,305	
Restricted for:		
Capital projects	19,190,364	
Debt service	62,092,957	
Other special purposes	1,382,184	
Restricted by donors		96,976,585
Other (nonexpendable)	3,229,154	1,164,435
Unrestricted (deficit)	(127,317,705)	2,822,990
TOTAL NET POSITION	\$ 239,374,259	\$ 100,964,010

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, 2025

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and fees (gross)	\$ 18,783,460	
Less: scholarship discounts and allowances	(6,469,833)	
Net tuition and fees	12,313,627	
Grants, contracts, and donations, noncapital:		
Federal	26,644,621	
State	46,947,356	
Local	9,833,723	
Contributions		\$ 14,945,359
Other		294,750
Auxiliary enterprise sales and charges	2,296,372	
TOTAL OPERATING REVENUES	98,035,699	15,240,109
OPERATING EXPENSES:		
Academic salaries	74,470,110	
Classified salaries	49,030,991	
Employee benefits	46,526,815	
Supplies and materials	9,948,760	
Other operating expenses and services	19,649,540	1,359,755
Utilities	4,327,979	
Depreciation and amortization	21,931,645	
Student financial aid and scholarships	36,274,045	6,029,554
TOTAL OPERATING EXPENSES	262,159,885	7,389,309
OPERATING GAIN (LOSS)	(164,124,186)	7,850,800
NON-OPERATING REVENUES (EXPENSES):		
State apportionments, noncapital	21,315,510	
Education protection account	29,029,647	
Local property taxes	86,071,471	
State taxes and other revenues	5,547,461	
Investment income - noncapital	5,920,933	7,534,518
Investment income - capital	3,856,320	
Interest expense on capital asset-related debt	(12,106,976)	
Other non-operating expenses	(646,836)	(1,416,738)
Other non-operating revenues	1,684,776	
TOTAL NON-OPERATING REVENUES	140,672,306	6,117,780
INCOME (LOSS) BEFORE CAPITAL REVENUES	(23,451,880)	13,968,580
State apportionments, capital	9,121,231	
Local property taxes and revenues, capital	44,597,907	
INCREASE IN NET POSITION	30,267,258	13,968,580
NET POSITION -- BEGINNING OF YEAR	227,717,976	
PRIOR PERIOD ADJUSTMENT (NOTE 2)	(18,610,975)	86,995,430
NET POSITION -- END OF YEAR	\$ 239,374,259	\$ 100,964,010

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2025

	Primary Institution	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 12,127,468	
Federal grants and contracts	35,625,839	
State grants and contracts	41,090,551	
Local grants and contracts	10,637,672	
Contributions		\$ 14,913,623
Payments to suppliers	(39,809,760)	
Payments to/on behalf of employees	(171,995,464)	
Payments to/on behalf of students	(37,249,872)	(6,029,554)
Auxiliary enterprise sales and charges	2,330,382	
Other receipts and payments	(10,883,000)	(958,178)
Net cash provided (used) by operating activities	(158,126,184)	7,925,891
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State apportionments and receipts	58,105,365	
Property taxes	86,071,471	
Student organization agency receipts/disbursements	49,189	
Interest on noncapital investments		1,138,589
Other transfers		(1,416,738)
Net cash provided (used) by noncapital financing activities	144,226,025	(278,149)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State apportionments for capital purposes	11,787,090	
Purchases of capital assets	(33,606,704)	
Proceeds from sales of capital assets	5,711	
Principal paid on capital debt	(31,090,000)	
Interest paid on capital debt	(13,869,685)	
Principal paid on right-to-use lease assets	(110,094)	
Payments made for SBITA assets	(1,554,691)	
Interest on capital investments	3,856,320	
Local property taxes and other revenues for capital purposes	44,546,907	
Net cash used by capital and related financing activities	(20,035,146)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(15,315,807)
Sales and maturities of investments		14,532,070
Gain on pooled cash and cash equivalents	5,920,933	
Net cash provided (used) by investing activities	5,920,933	(783,737)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(28,014,372)	6,864,005
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	226,588,044	14,656,194
CASH AND EQUIVALENTS -- END OF YEAR	\$ 198,573,672	\$ 21,520,199

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued) YEAR ENDED JUNE 30, 2025

	Primary Institution	Foundation
Reconciliation to balance sheet:		
Cash and cash equivalents	\$ 95,998,861	\$ 21,520,199
Restricted cash and cash equivalents - current	43,639,840	
Cash with trustee	1,110,276	
Deposits held in escrow	969,344	
Restricted cash and cash equivalents - noncurrent	56,855,351	
Total cash and cash equivalents	\$ 198,573,672	\$ 21,520,199
 RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating gain (loss)	\$ (164,124,186)	\$ 7,850,800
Adjustments to reconcile operating gain (loss) to net cash		
Provided (used) by operating activities:		
Depreciation/amortization expense	21,931,645	
Changes in:		
Accounts receivable	863,820	321,193
Pledges receivable		411,450
Inventories, prepaids, and other assets	(678,889)	
Endowment fund		(72,924)
Deferred outflows related to pensions	1,262,702	
Deferred outflows related to OPEB	(3,027,538)	
Accounts payable	(7,398,747)	34,964
Unearned revenue	(2,938,536)	
Charitable remainder trust assets		(65,334)
Compensated absences	1,488,533	
Total OPEB liability	5,476,178	
Net pension liability	(9,974,545)	
Amounts held on behalf of others		71,863
Deferred inflows related to charitable remainder trusts		65,334
Deferred inflows related to OPEB	(1,457,101)	
Deferred inflows related to pensions	450,480	
Net cash provided (used) by operating activities	\$ (158,126,184)	\$ 8,617,346
 NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of deferred charge on refunding	\$ 942,485	
Amortization of premium on long-term debt	2,282,257	
Amortization of public-private partnership deferred inflow	1,684,776	
Receipt of donated assets	(51,000)	
SBITA assets acquired through financing	99,474	
Right-to-use lease assets acquired through financing	65,969	
Net non-cash investing, capital, and financing activities	\$ 5,023,961	\$

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2025

	<u>Custodial Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 156,236
Inventory	<u>45</u>
TOTAL ASSETS	<u>156,281</u>
LIABILITIES:	
Accounts payable	<u>8,852</u>
NET POSITON:	
Amounts held in trust for others	<u>\$ 147,429</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2025

	<u>Custodial Fund</u>
ADDITIONS:	
Other local revenues	\$ 105,539
Interest and investment income	<u>1,709</u>
TOTAL ADDITIONS	<u>107,248</u>
DEDUCTIONS:	
Operating expenses and services	<u>110,357</u>
TOTAL DEDUCTIONS	<u>110,357</u>
DECREASE IN FIDUCIARY NET POSITION	(3,109)
NET POSITION, BEGINNING OF YEAR	<u>150,538</u>
NET POSITION, END OF YEAR	<u>\$ 147,429</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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, SRJC Roseland in Southwest Santa Rosa, 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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.

Prepaid Expenses – Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 10 for further details related to these pension deferred outflows and inflows. See Note 11 for details related to the OPEB deferred outflows and inflows.

Public-Private Partnerships – The District recognizes a receivable resulting from public-private partnerships (PPP) when the asset is placed into service. The asset is measured at the operator's estimated carrying value of the asset on the expected date of transfer to the District. The District recognizes a deferred inflow of resources when the PPP asset is placed into service. The deferred inflow is measured in relation to a PPP as the sum of assets when they are recognized such as the value of payments received at or before commencement, initial value of receivable for installment payments, the initial value of the purchased or constructed underlying PPP asset, the initial value of improvements made to the underlying PPP asset, and the initial value of receivable for the underlying PPP asset. The receivable is remeasured if there is a change in the PPP term (modification or termination) that significantly affects the carrying value. If any of the related assets of the PPP are remeasured, the deferred inflow of resources is adjusted by the same amount.

The deferred inflow of resources is systematically and rationally reduced and recognized as inflows of resources over the PPP term. The inflows of resources are presented as other non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position. See Note 5 for details related to the PPP deferred 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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 as 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.

The District's sick leave policy provides for the accumulation of paid sick leave upon hiring. No maximum accrual is imposed. Unused sick leave will not be paid out upon separation, however, upon retirement any unused sick leave may be converted to service credit per the District's contract

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

with CalPERS and CalSTRS. A liability for sick leave is accrued based on management's estimate of the portion that is more likely than not to be used in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101.

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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 Principle – Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. The statement establishes recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and other paid leave benefits. Under this standard, a liability is recognized for leave that is more likely than not to be used (or paid or settled) rather than forfeited. The liability is measured using the employee’s pay rate in effect as of the financial reporting date and includes salary-related payments. The standard was implemented during the year ended June 30, 2025, and implementation of the standard required a restatement of beginning net position to record the compensated absences liability as of July 1, 2024. The effect of this restatement on beginning net position is summarized in the table below:

Net Position at June 30, 2024 (as previously reported)	\$ 227,717,976
Adjustment to record previously unrecognized compensated absences liability	<u>(18,610,975)</u>
Net Position at July 1, 2024 (as restated)	<u>\$ 209,107,001</u>

3. CASH AND CASH EQUIVALENTS

The District’s cash and cash equivalents as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of net position of the primary institution:	
Cash and cash equivalents	\$ 95,998,861
Restricted cash and cash equivalents – current	43,639,840
Restricted cash and cash equivalents – noncurrent	56,855,351
Deposits held in escrow	969,344
Cash with trustee	1,110,276
Statement of fiduciary net position:	
Cash and cash equivalents	<u>156,236</u>
Total cash and cash equivalents	<u>\$ 198,729,908</u>

The District’s cash and cash equivalents as of June 30, 2025 consist of the following:

Cash and cash equivalents in Sonoma County Treasury	\$ 193,927,634
Deposits with financial institutions	2,714,353
Cash on hand	8,301
Deposits held in escrow	969,344
Cash equivalents with fiscal agent:	
Cash held by trustee	<u>1,110,276</u>
Total cash and cash equivalents	<u>\$ 198,729,908</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

Investments Authorized by Debt Agreements

\$38,402,234 of the District's cash and cash equivalents with the Treasury represents unspent bond proceeds as of June 30, 2025, 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, 2025, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 732 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, 2025, the carrying amount of the District's bank balance was \$2,049,294. Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation (FDIC). Cash on hand of \$8,301 is not insured. District deposits held with financial institutions in excess of FDIC limits were \$1,799,294. Of the total bank balance, \$1,887,450 is held by the primary institution and \$161,844 is held by the fiduciary fund.

Restricted Cash and Cash Equivalents

The District's restricted cash and cash equivalents are \$100,495,191 as of June 30, 2025. Included in this restricted balance is \$38,402,234 of unspent bond proceeds and \$62,092,957 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 as of June 30, 2025:

Federal grants and contracts	\$ 2,118,780
State grants and contracts	1,790,143
Local grants and contracts	377,428
State apportionment – non-capital	2,473,766
State – capital	180,703
Auxiliaries	239,798
Tuition and fees	1,471,528
Other	<u>13,922,379</u>
Totals	<u>\$ 22,574,525</u>

5. PUBLIC-PRIVATE PARTNERSHIP

On July 1, 2021, the District entered into a public-private partnership (PPP) arrangement with NCCD – Santa Rosa Properties LLC (NCCD) for the purpose of constructing and operating Polly O'Meara Doyle Hall. The District leased a portion of land to NCCD for the project. NCCD issued \$68,315,000 in revenue bonds to finance the construction of the building and the building was placed into service in August 2023. NCCD is responsible for the development and management contracts for the building. The agreement expires on November 1, 2065, at which time the building and all improvements shall be conveyed to the District. The District reports a receivable of \$67,391,046 and a deferred inflow of \$64,161,892 on the statement of net position as of June 30, 2025. The deferred inflow of resources position was amortized by \$1,684,776 and recognized as other non-operating revenue in the statement of revenues, expenses, and changes in net position during the year ended June 30, 2025.

Additionally, as a part of the agreement, the District is entitled to the net available cash flow from the amounts on deposit in NCCD's surplus fund if the Fixed Charges Coverage Ratio exceeds 1.20. The District records net available cash flows received as revenue when earned. There were no net available cash flows received for the year ended June 30, 2025.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Disposals	Transfers	Balance June 30, 2025
Capital assets, not depreciated:					
Land	\$ 21,491,672				\$ 21,491,672
Construction in progress	119,822,018	\$ 28,509,989		\$ (108,211,221)	40,120,786
Total capital assets, not depreciated	141,313,690	28,509,989		(108,211,221)	61,612,458
Capital assets, depreciated/amortized:					
Buildings	564,291,319	2,630,780	\$ (6,850,144)	108,211,221	668,283,176
Improvement of sites	59,625,953	415,457			60,041,410
Vehicles	4,951,695	157,345	(200,103)		4,908,937
Right-to-use lease assets	515,032	28,611			543,643
Software subscriptions	6,868,033	99,474	(32,823)		6,934,684
Machinery and equipment	26,277,810	1,944,133	(377,848)		27,844,095
Total capital assets, depreciated/amortized	662,529,842	5,275,800	(7,460,918)	108,211,221	768,555,945
Less accumulated depreciation/amortization for:					
Buildings	(175,562,319)	(16,643,675)	6,407,546		(185,798,448)
Improvement of sites	(20,869,533)	(2,557,292)			(23,426,825)
Vehicles	(3,241,325)	(280,777)	199,439		(3,322,663)
Right-to-use lease assets	(33,245)	(110,092)			(143,337)
Software subscriptions	(2,426,616)	(1,497,621)	32,823		(3,891,414)
Machinery and equipment	(12,290,141)	(842,188)	168,565		(12,963,764)
Total accumulated depreciation/amortization	(214,423,179)	(21,931,645)	6,808,373		(229,546,451)
Total capital assets, depreciated/amortized, net	448,106,663	(16,655,845)	(652,545)	108,211,221	539,009,494
Capital assets, net	\$ 589,420,353	\$ 11,854,144	\$ (652,545)	\$	\$ 600,621,952

7. 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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	13,820,000	568,284	14,388,284
2030	<u>14,755,000</u>	<u>194,692</u>	<u>14,949,692</u>
Totals	<u>\$ 64,840,000</u>	<u>\$ 4,400,351</u>	<u>\$ 69,240,351</u>

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 as of June 30, 2025 of \$(264,973) is being amortized over the remaining life of the new debt.

The 2016 General Obligation Refunding Bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,650,000	233,387	3,883,387
2030	<u>3,835,000</u>	<u>71,069</u>	<u>3,906,069</u>
Subtotal	17,205,000	2,021,518	19,226,518
Plus: unamortized premium	<u>1,079,459</u>		<u>1,079,459</u>
Totals	<u>\$ 18,284,459</u>	<u>\$ 2,021,518</u>	<u>\$ 20,305,977</u>

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

refunding. The deferred charge on refunding as of June 30, 2025 of \$5,015,177 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. There is no remaining liability as of June 30, 2025.

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	13,480,000	2,200,531	15,680,531
2030	14,545,000	1,524,388	16,069,388
2031	<u>15,675,000</u>	<u>794,085</u>	<u>16,469,085</u>
Subtotal	78,310,000	14,676,635	92,986,635
Plus: unamortized premium	<u>4,539,233</u>		<u>4,539,233</u>
Totals	<u>\$ 82,849,233</u>	<u>\$ 14,676,635</u>	<u>\$ 97,525,868</u>

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,575,000	3,361,344	7,936,344
2030	4,935,000	3,171,144	8,106,144
2031-2035	30,760,000	12,457,620	43,217,620
2036-2040	42,015,000	6,212,044	48,227,044
2041-2042	<u>20,165,000</u>	<u>606,381</u>	<u>20,771,381</u>
Subtotal	114,200,000	36,897,465	151,097,465
Plus: unamortized premium	<u>11,266,854</u>		<u>11,266,854</u>
Totals	<u>\$ 125,466,854</u>	<u>\$ 36,897,465</u>	<u>\$ 162,364,319</u>

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%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

The General Obligation Bonds, Series A mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,045,000	2,650,625	4,695,625
2030	2,290,000	2,542,250	4,832,250
2031-2035	15,455,000	10,923,625	26,378,625
2036-2040	24,090,000	6,307,700	30,397,700
2041-2042	12,760,000	650,750	13,410,750
Subtotal	61,470,000	31,548,775	93,018,775
Plus: unamortized premium	6,886,554		6,886,554
Totals	<u>\$ 68,356,554</u>	<u>\$ 31,548,775</u>	<u>\$ 99,905,329</u>

Lease liabilities

The District holds several multi-year, non-cancellable lease agreements as lessee for right-to-use copier equipment. As of June 30, 2025, the value of the lease liability was \$400,307. The District is required to make monthly principal and interest payments of \$10,736. 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, 2025 were \$543,643 and are being amortized over the remaining term of the leases. The future minimum principal and interest lease payments as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 117,949	\$ 48,974	\$ 166,923
2027	117,949	45,015	162,964
2028	116,462	12,511	128,973
2029	41,700	2,273	43,973
2030	6,247	350	6,597
Totals	<u>\$ 400,307</u>	<u>\$ 109,123</u>	<u>\$ 509,430</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

Subscription-Based IT Arrangements (SBITAs)

The District holds several multi-year, non-cancellable agreements for subscription-based IT arrangements with annual payments through September 2029. The total costs of the District's subscription assets are recorded as \$6,934,684 less accumulated amortization of \$3,891,414. Initial SBITA liabilities were recorded assuming a 2.4% discount rate. As of June 30, 2025 the value of these SBITA liabilities are \$2,779,679. The future minimum principal and interest payments as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,437,676	\$ 67,416	\$ 1,505,092
2027	1,322,708	32,565	1,355,273
2028	9,532	468	10,000
2029	<u>9,763</u>	<u>237</u>	<u>10,000</u>
Totals	<u>\$ 2,779,679</u>	<u>\$ 100,686</u>	<u>\$ 2,880,365</u>

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 393,169,356		\$ (33,372,257)	\$ 359,797,099	\$ 29,835,000
Compensated absences	24,515,382	\$ 5,799,047	(4,310,514)	26,003,915	7,696,335
Lease liabilities	481,788	56,225	(137,706)	400,307	117,949
Subscription liabilities	<u>4,134,619</u>	<u>72,474</u>	<u>(1,427,414)</u>	<u>2,779,679</u>	<u>1,437,676</u>
Total	<u>\$ 422,301,145</u>	<u>\$ 5,927,746</u>	<u>\$ (39,247,891)</u>	<u>\$ 388,981,000</u>	<u>\$ 39,086,960</u>

The District's liability for compensated absences consists of accrued vacation and accrued sick leave as defined in the accounting policies in Note 2. As of June 30, 2025, the accrued vacation and sick leave totaled \$5,667,389 and \$20,336,526, respectively.

8. 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 <u>June 30, 2024</u>	SAFER Property/ Liability <u>June 30, 2024</u>	PIPS Workers' compensation <u>June 30, 2024</u>	SEWUP Workers' compensation/ Liability <u>June 30, 2024</u>
Total assets	\$ 58,187,117	\$ 48,283,670	\$ 355,843,948	\$ 71,607,933
Total liabilities	\$ 47,743,353	\$ 43,778,293	\$ 232,047,232	\$ 60,344,736
Net position	<u>10,443,764</u>	<u>4,505,377</u>	<u>123,796,716</u>	<u>11,263,197</u>
Total liabilities and net position	<u>\$ 58,187,117</u>	<u>\$ 48,283,670</u>	<u>\$ 355,843,948</u>	<u>\$ 71,607,933</u>
Total revenues	\$ 44,006,598	\$ 169,298,535	\$ 512,160,328	\$ 30,102,385
Total expenses	<u>48,660,263</u>	<u>166,057,925</u>	<u>473,768,187</u>	<u>27,140,090</u>
Net increase (decrease) in net position	<u>\$ (4,653,665)</u>	<u>\$ 3,240,610</u>	<u>\$ 38,392,141</u>	<u>\$ 2,962,295</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

9. 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 \$8,244,140 as of June 30, 2025. General Obligation Bonds and State Capital Outlay Funds have been approved for such construction commitments.

10. 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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 seven years, effective July 1, 2014. School employer contributions increased 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, 2025, was 19.10% of annual pay. District contributions to the CalSTRS Plan were \$10,600,074 for the year ended June 30, 2025.

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, 2025, 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, 2023 and rolling forward the total pension liability to the measurement date of June 30, 2024. 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term * Expected Real Rate of Return</u>
Public equity	38.00%	5.25%
Real estate	15.00%	4.05%
Private equity	14.00%	6.75%
Fixed income	14.00%	2.45%
Risk mitigating strategies	10.00%	2.25%
Inflation sensitive	7.00%	3.65%
Cash / liquidity	2.00%	0.05%
Total	<u>100.00%</u>	

*20- to 30-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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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, 2025, was 27.05% of annual pay. District contributions to the CalPERS Plan were \$12,509,961 for the year ended June 30, 2025.

Actuarial Assumptions

The total pension liability for the CalPERS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to the measurement date of June 30, 2024. 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	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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10^(a,b)</u>
Global equity – cap-weighted	30.00%	4.54%
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	<u>100.00%</u>	

^(a) An expected inflation of 2.30% was used for this period.

^(b) Figures are based on the 2021-22 Asset Liability Management study.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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

As of June 30, 2025, 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	\$ 52,387,140
CalPERS Plan	76,573,952
Total District net pension liability	128,961,092
State’s proportionate share of CalSTRS net pension liability associated with the District	24,137,888
Total	\$ 153,098,980

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, 2024, 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, 2024, was 0.078% and 0.2143% for the CalSTRS and CalPERS Plans, respectively, which was an increase of 0.0010% and a decrease of (0.0076%), respectively, from its proportion measured as of June 30, 2023 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2024, the District recognized pension expense of \$17,046,144 and revenue of \$2,197,472 for support provided by the State. As of June 30, 2025, 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	\$ 12,345,266	\$ (2,838,897)
Changes in assumptions	1,921,863	(3,577,860)
Changes in proportion		(6,627,906)
Change in proportionate share of contributions	672,097	
Net differences between projected and actual investment earnings of pension plan investments	2,974,456	(211,380)
District contributions subsequent to measurement date	23,110,035	
Total	\$ 41,023,717	\$ (13,256,043)

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

The \$23,110,035 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, 2026. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended</u> <u>June 30</u>	
2026	\$ (3,916,201)
2027	9,478,109
2028	113,296
2029	(1,570,023)
2030	690,187
Thereafter	(137,729)

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	\$ 93,179,580	\$ 52,387,140	\$ 18,323,760
	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	\$ 113,751,245	\$ 76,573,952	\$ 45,862,549

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, 2025, employees and the District each contributed \$312,341 to the Cash Balance Plan.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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, 2025, employees and the District each contributed \$61,784 to the 403(b) plan.

11. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

In addition to the pension benefits described in Note 10, 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, 2025, 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 \$3,276,226 as of June 30, 2025.

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:

<u>School Year</u>	<u>Stipend amount (Retiree / Retiree and spouse)</u>
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 or the 24/25 Medicare Part B Cost

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

Employees Covered

As of the June 30, 2024 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	606
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>775</u>
Total	<u>1,381</u>

Total OPEB Liability

The District's total OPEB liability of \$45,485,074 was measured as of June 30, 2024, and was determined by an actuarial valuation dated June 30, 2024, based on the following actuarial methods and assumptions:

Actuarial assumptions:

Discount rate ⁽¹⁾	3.97%
Salary increases	3.00%
Inflation rate	2.5%
Health care cost trend rates	7.50 percent for 2024 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2024-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 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, 2024 valuation were based on a review of plan experience during the period June 30, 2022 to June 30, 2024.

Changes in Assumptions

For the measurement date June 30, 2024, the discount rate was increased from 3.86% to 3.97%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

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 as of June 30, 2024 (Measurement date June 30, 2023)	<u>\$ 40,008,896</u>
Changes recognized for the measurement period:	
Service cost	1,944,566
Interest on TOL	1,568,273
Difference between expected and actual experience	4,296,140
Changes in assumptions	341,803
Benefit payments	<u>(2,674,604)</u>
Net changes	<u>5,476,178</u>
Balance as of June 30, 2025 (Measurement date June 30, 2024)	<u>\$ 45,485,074</u>

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	Current Discount Rate	Discount Rate
	-1% (2.97%)	(3.97%)	+1% (4.97%)
Total OPEB liability	<u>\$ 50,340,620</u>	<u>\$ 45,485,074</u>	<u>\$ 41,318,169</u>

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	Health Care Trend Rate	Trend Rate
	-1% ¹		+1% ²
Total OPEB liability	<u>\$ 40,323,464</u>	<u>\$ 45,485,074</u>	<u>\$ 51,753,789</u>

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

² Trend rate for each future year increased by 1.00%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2025

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$4,131,089. As of June 30, 2025, 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	\$ 3,139,550	
Differences between expected and actual experience	8,227,911	\$ (910,284)
Changes of assumptions	1,504,603	(4,018,737)
Total	\$ 12,872,064	\$ (4,929,021)

The \$3,139,550 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	
2026	\$ 540,437
2027	785,519
2028	783,351
2029	636,223
2030	636,223
Thereafter	1,421,740

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, 2025 LAST 10 YEARS*

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
	Measurement date 2024	Measurement date 2023	Measurement date 2022	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017
TOTAL OPEB LIABILITY								
Service cost	\$ 1,944,566	\$ 1,531,744	\$ 1,883,830	\$ 1,629,901	\$ 1,192,939	\$ 1,206,930	\$ 1,295,188	\$ 1,010,410
Interest	1,568,273	1,496,344	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	4,296,140		6,796,426		(3,558,886)		(858,135)	
Changes of assumptions	341,803	(683,660)	(5,225,884)	1,912,688	1,674,360	1,280,758	(879,002)	
Benefit payments	<u>(2,674,604)</u>	<u>(2,685,912)</u>	<u>(2,584,513)</u>	<u>(2,517,638)</u>	<u>(2,168,926)</u>	<u>(1,738,070)</u>	<u>(1,802,528)</u>	<u>(1,812,992)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	5,476,178	(341,484)	1,624,865	1,935,582	4,631,415	1,858,973	(1,283,907)	153,035
TOTAL OPEB LIABILITY, Beginning	<u>40,008,896</u>	<u>40,350,380</u>	<u>38,725,515</u>	<u>36,789,933</u>	<u>32,158,518</u>	<u>30,299,545</u>	<u>31,583,452</u>	<u>31,430,417</u>
TOTAL OPEB LIABILITY, Ending	<u>\$ 45,485,074</u>	<u>\$ 40,008,896</u>	<u>\$ 40,350,380</u>	<u>\$ 38,725,515</u>	<u>\$ 36,789,933</u>	<u>\$ 32,158,518</u>	<u>\$ 30,299,545</u>	<u>\$ 31,583,452</u>
Covered-employee payroll	\$ 84,355,087	\$ 77,076,254	\$ 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	53.92%	51.91%	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, 2024, 2023, 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%, from 1.92% to 3.69%, from 3.69% to 3.86%, and from 3.86% to 3.97% during the measurement periods ending June 30, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, 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 eight years are presented.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	CalSTRS Plan									
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Measurement date 2024	Measurement date 2023	Measurement date 2022	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015
District's proportionate share of the net pension liability	0.078%	0.077%	0.077%	0.082%	0.077%	0.081%	0.082%	0.080%	0.083%	0.089%
District's proportionate share of the net pension liability	\$ 52,387,140	\$ 58,643,970	\$ 53,504,220	\$ 37,316,560	\$ 74,619,930	\$ 73,155,960	\$ 75,363,740	\$ 73,984,000	\$ 67,131,230	\$ 59,918,360
State's proportionate share of the net pension liability associated with the District	<u>24,137,888</u>	<u>27,939,116</u>	<u>26,804,997</u>	<u>18,881,846</u>	<u>38,308,978</u>	<u>40,047,052</u>	<u>43,378,990</u>	<u>43,483,412</u>	<u>38,263,861</u>	<u>31,811,375</u>
Total	<u>\$ 76,525,028</u>	<u>\$ 86,583,086</u>	<u>\$ 80,309,217</u>	<u>\$ 56,198,406</u>	<u>\$ 112,928,908</u>	<u>\$ 113,203,012</u>	<u>\$ 118,742,730</u>	<u>\$ 117,467,412</u>	<u>\$ 105,395,091</u>	<u>\$ 91,729,735</u>
District's covered-employee payroll	\$ 52,155,667	\$ 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
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100%	123%	116%	85%	176%	166%	174%	180%	171%	158%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%	73%	71%	69%	70%	74%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2016, and 2015, 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%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	CalPERS Plan									
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	Measurement date 2024	Measurement date 2023	Measurement date 2022	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015
District's proportion of the net pension liability	0.2143%	0.2218%	0.2413%	0.2642%	0.2555%	0.2672%	0.2691%	0.2797%	0.2791%	0.2757%
District's proportionate share of the net pension liability	\$ 76,573,952	\$ 80,291,667	\$ 83,044,607	\$ 53,730,890	\$ 78,388,816	\$ 77,864,696	\$ 71,747,866	\$ 66,759,836	\$ 55,122,423	\$ 40,638,452
District's covered-employee payroll	\$ 43,975,511	\$ 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
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174%	200%	214%	149%	208%	205%	195%	187%	165%	131%
Plan fiduciary net position as a percentage of the total pension liability	-72%	-70%	-70%	81%	70%	70%	71%	72%	74%	79%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2024 and 2023, there were no 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%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	CalSTRS Plan									
	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 10,600,074	\$ 9,941,723	\$ 9,138,679	\$ 7,687,433	\$ 7,036,589	\$ 7,234,088	\$ 7,123,847	\$ 6,213,226	\$ 5,166,959	\$ 4,208,991
Contributions in relation to the contractually required contributions	<u>(10,600,074)</u>	<u>(9,941,723)</u>	<u>(9,138,679)</u>	<u>(7,687,433)</u>	<u>(7,036,589)</u>	<u>(7,234,088)</u>	<u>(7,123,847)</u>	<u>(6,213,226)</u>	<u>(5,166,959)</u>	<u>(4,208,991)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 55,621,248	\$ 52,155,667	\$ 47,779,040	\$ 45,999,505	\$ 43,726,322	\$ 42,314,096	\$ 43,979,286	\$ 43,191,311	\$ 41,128,188	\$ 39,288,231
Contributions as a percentage of covered-employee payroll	19.06%	19.06%	19.13%	16.71%	16.09%	17.10%	16.20%	14.39%	12.56%	10.71%

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	CalPERS Plan									
	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 12,509,961	\$ 11,456,826	\$ 9,911,818	\$ 8,656,129	\$ 7,413,490	\$ 7,388,619	\$ 6,813,269	\$ 5,667,937	\$ 4,952,867	\$ 3,965,995
Contributions in relation to the contractually required contributions	<u>(12,509,961)</u>	<u>(11,456,826)</u>	<u>(9,911,818)</u>	<u>(8,656,129)</u>	<u>(7,413,490)</u>	<u>(7,388,619)</u>	<u>(6,813,269)</u>	<u>(5,667,937)</u>	<u>(4,952,867)</u>	<u>(3,965,995)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 47,349,130	\$ 43,975,511	\$ 40,174,108	\$ 38,746,159	\$ 36,148,460	\$ 37,757,134	\$ 37,962,083	\$ 36,703,058	\$ 35,663,359	\$ 33,475,412
Contributions as a percentage of covered-employee payroll	26.42%	26.05%	24.67%	22.34%	20.51%	19.57%	17.95%	15.44%	13.89%	11.85%

SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2025

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	\$ 19,025,121	\$ 19,025,121
Supplemental Educational Opportunity Grant Program	84.007	N/A	307,991	307,991
Federal Work-Study Program	84.033	N/A	437,157	437,157
Direct Student Loan Program	84.268	N/A	<u>1,264,130</u>	<u>1,264,130</u>
Subtotal Student Financial Assistance Programs Cluster			<u>21,034,399</u>	<u>21,034,399</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335	N/A	<u>355,049</u>	<u>355,049</u>
The American Rescue Plan Act (ARPA) Children's Center	21.027	N/A	155,900	155,900
The American Rescue Plan Act (ARPA)	21.027	N/A	<u>411,038</u>	<u>411,038</u>
Subtotal ARPA			<u>566,938</u>	<u>566,938</u>
Hispanic Serving Institute - Lanzamiento	84.031S	N/A	599,120	599,120
Hispanic Serving Institute - Avanzando	84.031C	N/A	1,026,899	1,026,899
Hispanic Serving Institute - Transformando	84.031S	N/A	<u>65,695</u>	<u>65,695</u>
Subtotal AL# 84.031			<u>1,691,714</u>	<u>1,691,714</u>
Passed through California Community Colleges Chancellor's Office (CCCCO):				
Title II-C	84.048	04-C01-061	<u>659,756</u>	<u>659,756</u>
Passed through California Department of Education:				
Adult Education (English As a Second Language)	84.002A	14508	<u>492,064</u>	<u>492,064</u>
Passed through Office of Migrant Education:				
High School Equivalency Program	84.141A	N/A	<u>524,594</u>	<u>524,594</u>
Passed through California Department of Rehabilitation:				
College to Career	84.126A	28109	<u>290,000</u>	<u>290,000</u>
Total U.S. Department of Education			<u>25,614,514</u>	<u>25,614,514</u>
U.S. Department of Health and Human Services:				
Passed through CCCCCO:				
Temporary Assistance to Needy Families (TANF)	93.558	N/A	72,390	72,390
Passed through County of Sonoma:				
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	<u>100,000</u>	<u>100,000</u>
Subtotal 477 Cluster			<u>172,390</u>	<u>172,390</u>
Total U.S. Department of Health and Human Services			<u>172,390</u>	<u>172,390</u>

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S Department of Commerce				
Economic Development Administration/FEMA				
North Bay Construction and Trades Employment				
Training Facility - Economic Development Cluster	11.307	N/A	<u>791,858</u>	<u>791,858</u>
Total U.S. Department of Commerce			<u>791,858</u>	<u>791,858</u>
U.S. Department of Agriculture:				
Passed through California Department of Education:				
Child and Adult Care Food Program	10.558	1800-1A	<u>48,176</u>	<u>48,176</u>
Total U.S. Department of Agriculture			<u>48,176</u>	<u>48,176</u>
U.S. Corporation of National and Community Service:				
National Service Trust Grant	94.006	N/A	<u>18,348</u>	<u>18,348</u>
Total U.S. Corporation of National and Community Service			<u>18,348</u>	<u>18,348</u>
Total Expenditures of Federal Awards			<u>\$ 26,645,286</u>	<u>\$ 26,645,286</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2025

Program Title	Entitlements		Program Revenues			Program Expenditures
	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/Payables	Total	
Apprenticeship	\$ 405,243	\$ 405,243		\$ 130,118	\$ 275,125	\$ 275,125
Basic Needs	442,273	706,139		175,528	530,611	530,611
Block Grant 00/01		671,833		671,833		
Bus Appren			\$ 201,457		201,457	201,457
C19 Recover BG		597,349		287,153	310,196	310,196
CAEP 22/23	1,287,247	1,287,247		348,143	939,104	939,104
CAEP FY 23/24,		846,161			846,161	846,161
Cal Grants	2,869,859	2,869,859			2,869,859	2,869,859
California College Promise	1,309,121	2,480,155		1,062,899	1,417,256	1,417,256
CalWorks	508,333	858,727		137,005	721,722	721,722
Campus Safety Sexual Assault		9,079		4,579	4,500	4,500
CCN Implementation	913,043	913,043		898,961	14,082	14,082
CDE AB110		98,403		98,403		
CDSS	1,824	42,208		35,957	6,251	6,251
Child Development	1,141,744	1,141,744			1,141,744	1,141,744
Class CC Employee			53,403		53,403	53,403
Classified Professional Development		69,923		69,814	109	109
Cooperative Agency Resource Education	214,935	214,935			214,935	214,935
CSPP QRIS Block Grant	8,550	8,551			8,551	8,551
CTE Outcomes Survey	1,125,271		158,833		158,833	158,833
CTE SWPR 21-22	934,159	280,248		230,239	50,009	50,009
CTEOS 2022	618,494	213,326	248,026		461,352	461,352
Disabled Student Program & Services	3,452,210	3,686,530			3,686,530	3,686,530
EEO BP		58,167		5,411	52,756	52,756
EEO Innovation BP	150,000	225,158		43,945	181,213	181,213
Emergency Relief Funds		1,457,343		310,428	1,146,915	1,146,915
Enrollment Growth	319,782	319,782		126,493	193,289	193,289
Eth Std Trsnfr		42,395		2,442	39,953	39,953
Extended Opportunity Program and Services	1,781,956	1,944,381		130,065	1,814,316	1,814,316
Faculty and Staff Diversity	136,986	355,306		228,945	126,361	126,361
Financial Aid Administration	797,601	797,601		32,257	765,344	765,344
Financial Aid Technology	57,483	115,227		57,483	57,744	57,744
First 5	30,000	30,000		30,000		
Full Time Student Success Grants	3,454,795	4,007,679		148,482	3,859,197	3,859,197
Golden State Pathways	17,070		17,070		17,070	17,070
Guided Pathways		760,165		629,039	131,126	131,126
Guided Pathways 22/23		552,528		552,528		
H&H Insecurity	1,011,424	3,044,884		1,726,513	1,318,371	1,318,371
HCAI Wellness Grant	200,000	150,000	50,000	191,853	8,147	8,147
Health Fee	31,298	31,298			31,298	31,298
Hire UP	1,320,000	2,403,830		1,672,100	731,730	731,730
IELM 22/23		3,771,988		2,881,387	890,601	890,601
Info Tech 22/23		39,796		39,796		
Instructional Equip 07/08		47,193		47,193		
Juv Justice	312,500	905,907		694,976	210,931	210,931
Lcl Sytm 1X		300,000		300,000		
Lcl Sytm 22/23		57,334		27,948	29,386	29,386
Lcl Sytm Annual	175,000	350,000		192,157	157,843	157,843
LGBTQ+		44,426			44,426	44,426
LGBTQ+ One-Time	118,898	235,323		167,166	68,157	68,157
Lib Srv Plat		6,087		3,817	2,270	2,270
Mental Health 22/23	361,755	1,080,918		614,508	466,410	466,410

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2025

Program Title	Entitlements	Program Revenues			Total	Program Expenditures
	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/Payables		
MESA	437,173	1,163,984		726,095	437,889	437,889
MESA Schools Pilot Program		7,848		7,848		
MHSA - CalVet	108,840	72,478	36,362		108,840	108,840
MHSA-PEI	212,211	195,631	16,580		212,211	212,211
Microgrid Demo Project	284,703		2,986		2,986	2,986
NASSSP 23/24 1X		900,000		900,000		
Native American		596,559		427,860	168,699	168,699
NextUp	419,178	445,684		29,351	416,333	416,333
Nursing Infrastructure	1,130,867					
Puente PET	100,000	154,261		105,728	48,533	48,533
Puente SR	100,000	166,684		134,031	32,653	32,653
Regional CFC	9,442	9,442			9,442	9,442
Regional CFC	45,000	18,806	16,226		35,032	35,032
RERP	149,230	119,384	29,846		149,230	149,230
Retention and Enrollment		2,274,732		1,349,651	925,081	925,081
Rising Scholars	160,000	268,444	16,000	149,635	134,809	134,809
SB140 CCTR		98,041		98,041		
SB140 CPSS	41,989	101,640		101,640		
SCECE			160,908		160,908	160,908
Sched Maint 22/23		7,433,874		2,905,035	4,528,839	4,528,839
SEA Year 1	6,426,583	6,426,583		4,830,644	1,595,939	1,595,939
SEA Year 2		4,689,202			4,689,202	4,689,202
STAR 1X		565,217		445,262	119,955	119,955
Std Food/House		638,323		327,495	310,828	310,828
Suprt & Complt		627,968		477,811	150,157	150,157
SWP Local 21-22	1,743,926	1,743,926		1,452,299	291,627	291,627
SWP Round 8	1,101,148	323,625	777,520		1,101,145	1,101,145
SWP Round 8	1,697,034	1,697,034			1,697,034	1,697,034
Textbook Affordability Program	24,356	24,356		24,356		
Umoja	4,606	127,369		3,168	124,201	124,201
Umoja Campus 2025-2027	75,016	75,016		75,016		
Undocumented Resources Liaison	131,345	141,833			141,833	141,833
Veterans Resource Center	108,795	265,315		138,089	127,226	127,226
YESS-ILP	22,500	17,572	4,928		22,500	22,500
Zero Textbook Impact	320,000	320,000		320,000		
ZTC		20,000		4,901	15,099	15,099
Ztc 1		174,256		143,684	30,572	30,572
	<u>\$ 40,362,796</u>	<u>\$ 72,440,506</u>	<u>\$ 1,790,145</u>	<u>\$ 30,185,204</u>	<u>\$ 44,045,447</u>	<u>\$ 44,045,447</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE YEAR ENDED JUNE 30, 2025

STATE GENERAL APPORTIONMENT	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
<u>Categories</u>			
A. Summer Intersession (Summer 2024 Only)			
1. Noncredit	535.25		535.25
2. Credit	1,078.17		1,078.17
B. Summer Intersession (Summer 2025, Prior to July 1, 2025)			
1. Noncredit	0.89		0.89
2. Credit	11.27		11.27
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	4,588.99		4,588.99
(b) Daily Census Contact Hours	374.98		374.98
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2,438.14		2,438.14
(b) Credit	1,201.02		1,201.02
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	2,794.01		2,794.01
(b) Daily Census Procedure Courses	1,645.36		1,645.36
(c) Noncredit Independent Study	0.00		0.00
D. Total Full-Time Equivalent Students	14,668.08		14,668.08
<u>Supplemental Information</u>			
E. In-service Training Courses (FTES)	377.69		377.69
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	60.03		60.03
(b) Credit	0.28		0.28
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	653.28		653.28
Centers FTES			
(a) Noncredit	1,921.47		1,921.47
(b) Credit	214.94		214.94

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2025

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries:							
Contract or Regular	1100	\$ 29,958,464		\$ 29,958,464	\$ 29,958,464		\$ 29,958,464
Other	1300	24,605,934		24,605,934	24,605,934		24,605,934
Total Instructional Salaries		<u>54,564,398</u>		<u>54,564,398</u>	<u>54,564,398</u>		<u>54,564,398</u>
Non-Instructional Salaries:							
Contract or Regular	1200				12,056,462		12,056,462
Other	1400				2,230,155		2,230,155
Total Non-Instructional Salaries					<u>14,286,617</u>		<u>14,286,617</u>
Total Academic Salaries		<u>54,564,398</u>		<u>54,564,398</u>	<u>68,851,015</u>		<u>68,851,015</u>
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				26,697,954		26,697,954
Other	2300				1,526,322		1,526,322
Total Non-Instructional Salaries					<u>28,224,276</u>		<u>28,224,276</u>
Instructional Aides:							
Regular Status	2200	2,864,806		2,864,806	2,864,806		2,864,806
Other	2400	887,273		887,273	887,273		887,273
Total Instructional Aides		<u>3,752,079</u>		<u>3,752,079</u>	<u>3,752,079</u>		<u>3,752,079</u>
Total Classified Salaries		<u>3,752,079</u>		<u>3,752,079</u>	<u>31,976,355</u>		<u>31,976,355</u>
Employee Benefits	3000	18,615,884		18,615,884	39,028,927		39,028,927
Supplies and Materials	4000				2,541,158		2,541,158
Other Operating Expenses	5000	1,108,166		1,108,166	13,071,985		13,071,985
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		<u>78,040,527</u>		<u>78,040,527</u>	<u>155,469,440</u>		<u>155,469,440</u>

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2025

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude:							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900						
Student Health Services Above Amount Collected	6441				1,997		1,997
Student Transportation	6491				18,737		18,737
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740						
Objects to Exclude:							
Rents and Leases	5060						
Lottery Expenditures:							
Academic Salaries	1000				536,106		536,106
Classified Salaries	2000				1,424,979		1,424,979
Employee Benefits	3000				1,301,588		1,301,588
Supplies and Materials:							
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:							
Library Books	6300						
Equipment:							
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay							
Other Outgo	7000						
TOTAL EXCLUSIONS					<u>3,283,407</u>		<u>3,283,407</u>
Total for ECS 84362, 50% Law		<u>\$ 78,040,527</u>	<u>\$</u>	<u>\$ 78,040,527</u>	<u>\$ 152,186,033</u>	<u>\$</u>	<u>\$ 152,186,033</u>
Percent of CEE (Instructional Salary Cost / Total CEE)		51.28%		51.28%	100%		100%
50% of Current Expense of Education					\$ 76,093,017		\$ 76,093,017

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, 2025**

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				\$ 29,029,647
Activity Classification	Activity Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 29,029,647			29,029,647
Total Expenditures for EPA*		<u>\$ 29,029,647</u>	<u>\$</u>	<u>\$</u>	<u>29,029,647</u>
Revenues less Expenditures					<u>\$</u>

*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, 2025

Fund Balance:	
General Fund	\$ 39,570,542
Farm Operation Fund	740,070
Revenue Bond Project Fund	577,843
Other Special Revenue Fund	169,160
Capital Outlay Projects Fund	19,190,364
General Obligation Bond Fund	33,249,691
Self-Insurance Fund	1,317,909
Other Internal Service Fund	3,276,226
Associated Students Fund	438,023
Student Rep Fee Fund	164,000
Student Center Fee Fund	<u>45,925</u>
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	98,739,753
Net audit adjustments:	
Entry to accrue Club/Trust expenditure	<u>(8,852)</u>
Total Fund Balance	98,730,901
Reconciliation to Net Position:	
Restricted Cash and Deposits Held in Escrow	62,423,617
Total OPEB Liability	(45,485,074)
Interest Payable	(5,549,661)
Capital Assets, Net	600,621,952
Removed Fiduciary Fund Balances	(147,429)
Deferred Charge on Refunding	4,750,204
Deferred Outflows of Resources Related to Pensions	41,023,717
Deferred Outflows of Resources Related to OPEB	12,872,064
Deferred Inflows of Resources Related to OPEB	(4,929,021)
Lease liability and SBITA Liability	(3,179,985)
Deferred Inflows of Resources Related to Pensions	(13,256,043)
Receivable related to public-private partnership	67,391,046
Deferred inflows of resources related to public-private partnership	(64,161,892)
Long Term Compensated Absences	(22,971,946)
Net Pension Liability	(128,961,092)
Bonds Payable	<u>(359,797,099)</u>
Total Net Position	<u>\$ 239,374,259</u>

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2025, 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 15-percent de minimis indirect cost rate allowed under the Uniform Guidance (April 2024 revision) or the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance (October 2023 revision).
- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2025.

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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2026. The financial statements of the District's discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance with the District's discretely presented component unit.

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 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
Sacramento, California**

February 6, 2026

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, 2025. 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, 2025.

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.

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
Sacramento, California**

February 6, 2026

**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, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2025.

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 applicable to the District's state programs.

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)

**Members of the Board of Trustees
Sonoma County Junior College District
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- Propositions 1D and 51 State Bond Funded Projects
- Education Protection Account Funds
- Student Representation Fee
- State Fiscal Recovery Fund
- COVID-19 Recovery Block Grant Expenditures

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

February 6, 2026

FINDINGS AND RECOMMENDATIONS SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2025

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	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> 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

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs or Cluster</u>
84.007, 84.033, 84.063, & 84.268	Student Financial Assistance Programs Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$799,339

Auditee qualified as low-risk auditee? _____ X Yes _____ No

State Awards

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported

Any audit findings disclosed that are required to be disclosed in accordance with Contracted District Audit Manual? _____ Yes _____ X No

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2025

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

There were no state compliance findings reported.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS YEAR ENDED JUNE 30, 2025

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 FINDING

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